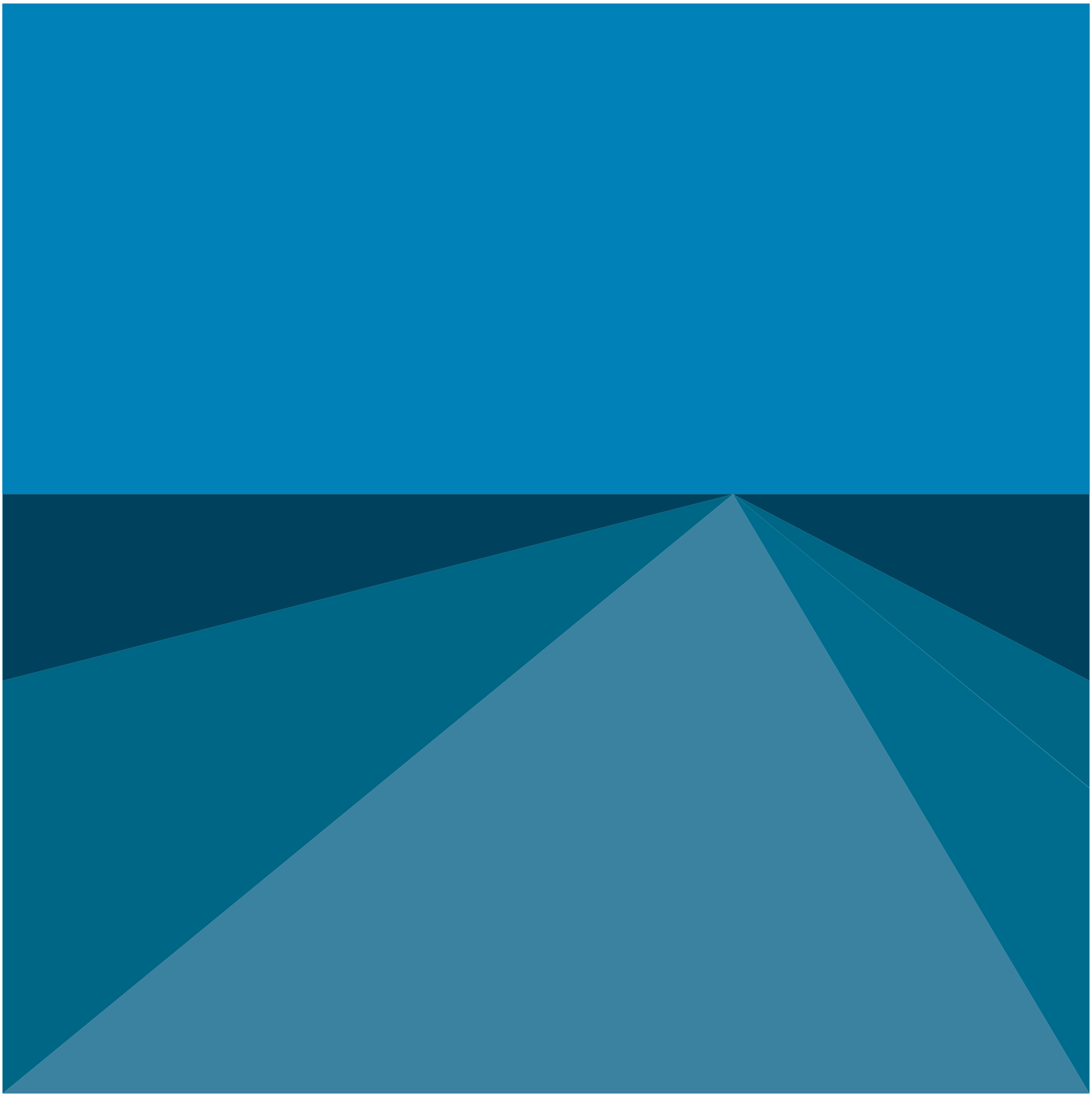
ANNUAL REPORT 2015

Combined Annual and Extraordinary Shareholders' Meeting, April 13, 2016



COLAS

The road forward

Summary

Board of Directors

AS OF APRIL 13, 2016[1]

Hervé LE BOUC
Chairman and Chief Executive Officer

François BERTIÈRE
Director

Olivier BOUYGUES
Director

Martine GAVELLE[2]
Director

Jean-François GUILLEMIN
Director

Colette LEWINER[2]
Director

Philippe MARIEN
Permanent representative
of the Bouygues Company

Catherine RONGE[2]
Director

(1) If approved by the Annual General Shareholders' Meeting on April 13, 2016.
(2) Independent Director.

Auditors

KPMG Audit IS SAS
Statutory Auditor

Mazars
Statutory Auditor

KPMG Audit ID SAS
Substitute

Thierry COLIN
Substitute

Report of the Board of Directors

TO THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING ON APRIL 13, 2016

Dear Shareholders,

We have convened this Combined Annual and Extraordinary Shareholders' Meeting to deal with the following matters of business in compliance with French law and our Company by-laws:

- in the section dealing with ordinary business, we present a report on our management of the Group during the past year, together with its current position and trends and submit for your approval the 2015 financial statements and the proposed appropriation of earnings, the agreements and transactions governed by articles L. 225-38 *et seq.* of the French Commercial Code, as well as proposals to renew the appointments of two Directors, renew the authorization granted to the Board to allow the Company to buy back its own shares, and to approve the Chairman and CEO Hervé Le Bouc's compensation for 2015;
- in the section dealing with extraordinary business, we invite you to grant powers to the Board of Directors to reduce the Company's shares by retiring treasury shares held by the Company.

ORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

2015

The key figures for fiscal year 2015 are shown in the table below:

in millions of euros	2015	2014	Change 2015/2014
Consolidated revenue	11,960	12,396	–3.5%
of which France	*6,044*	*6,582*	*–8.2%*
of which International	*5,916*	*5,814*	*+1.8%*
Current operating income	344	332	+12M€
Consolidated net profit attributable to the Group	234	604(1)	–370M€(1)
Net cash flow	583	610	–27M€
Free cash flow(2)	272	154	+118M€
Net cash/(Net debt)	560	682	–122M€(3)

(1) Of which 385 million euros in capital gain from disposal of Cofiroute shares.

(2) Free cash flow = cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital requirements) minus net capital expenditure for the period.

(3) After payment of a special dividend of 372 million euros.

In an economic environment that remains unfavorable in France, and against a backdrop of overall low economic growth – even recession – throughout the areas in which Colas operates, revenue in 2015 amounted to 11.96 billion euros, down 3.5% from the previous year. Colas resisted well, thanks to its diverse, high quality business network with locations on all five continents, its ability to adapt and react to fast-changing markets, and an ongoing transformation strategy rolled out in all business segments.

Trends observed over the last two years continued with, on the one hand, an 8.2% drop in business in France, and on the other, an 1.8% increase in the international units. At constant scope and exchange rates, revenue was down 4.3%. The currency effect amounted to 444 million euros and the impact of changes in scope[1] totaled (344) million euros. France accounted for 51% of total revenue and the international units for 49%.

The Roads sector was down 2% as headway made in the international and French Overseas units could not entirely offset the slump in Mainland France. Revenue for Specialized Activities (excluding the production and sales of refined products in France) was up 4% from 2014, with further progress recorded by Railways.

Current operating income amounted to 344 million euros, compared to 332 million in 2014. The current operating profit margin was 2.9% (2.7% in 2014).

Good performance for almost every road company in the international and French Overseas units (in particular North America, Europe, Asia, French Overseas Departments) as well as in Railways made it possible to offset sharp losses in the production and sales of refined products (77 million euros) and a controlled decrease in operating income in the road business in Mainland France.

Excluding impact of the production and sales of refined products, current operating profit margin amounted to 3.5%.

Non-current expenses at 95 million euros excluding taxes were accounted for, including 80 million euros relating to the decision to sell or halt the production and sales of refined products activity in France in 2016.

In 2015, income from associates and joint ventures did not benefit from the capital gain following the disposal of Cofiroute shares at the beginning of 2014, for an amount of 385 million euros. This income amounted to 78 million euros in 2015, up from 2014 (excluding capital gain on Cofiroute), thanks to excellent performance at the Thai subsidiary Tasco which enjoyed an exceptional year (Colas owns a 32% stake in Tasco).

Net profit attributable to the Group amounted to 234 million euros against 604 million euros in 2014, which benefited from the 385-million-euro capital gain resulting from the disposal of Cofiroute shares.

Net cash flow was 583 million euros, compared to 610 million euros in 2014.

Net capital expenditure came to 311 million euros in 2015, compared to 456 million euros in 2014. Fiscal year 2014 was boosted by significant effort to invest, which made it possible to roll out a prudent tangible investment policy in 2015, in light of poor market visibility, especially in France.

Free cash flow (cash flow determined after cost of net debt, net income tax, and net capital expenditure), before changes in working capital requirements, amounted to 272 million euros, up 118 million euros from the 154 million euros posted in 2014.

In 2015, Colas continued to examine opportunities for acquisitions, but external growth remained modest. Only a few acquisitions were carried out. These acquisitions reinforced the existing network. Thus, net financial investment amounted to 10 million euros, against 42 million euros in 2014, excluding the disposal of Cofiroute shares.

(1) The cessation in 2015 of the sales of base oil (refined products) was posted as a change in scope.

The Group's financial structure remains sound, with substantial shareholders' equity at 2.7 billion euros and net cash of 560 million euros at end-December 2015, compared to 682 million euros at end-December 2014, a gap mainly due to the distribution in April 2015 of a special dividend of 372 million euros corresponding to part of the capital gain from the sale of Cofiroute shares, bearing witness to proper management of working capital requirements in the subsidiaries.

Business activity

With operations via 800 construction business units and 2,000 material production units in more than 50 countries across five continents, Colas is a leader in the construction and maintenance of transport infrastructure.

Colas works in every field of transport infrastructure construction and maintenance, through two operating divisions: Roads, which are the Group's core business and account for 81% of its revenue, and additional Specialized Activities (Railways, Waterproofing, Road Safety and Signaling, Networks).

Colas integrates all the production and recycling activities involved in most of these businesses, via an international network of quarries, emulsion plants, asphalt plants, ready-mix concrete plants, and plants that produce bitumen, manufacture waterproofing membranes and make road safety equipment.

Every year, Colas performs more than 80,000 projects worldwide, the majority of which involve its recurrent core business.

The breakdown of revenue by business segment is as follows:

in millions of euros	2015	2014	Change 2015/2014	Change at constant scope and exchange rates
Roads Mainland France	3,982	4,459	–10.7%	–10.2%
Roads Europe	1,674	1,660	+0.8%	–3.5%
Roads North America	2,666	2,470	+7.9%	–3.0%
Roads Rest of the World	1,395	1,351	+3.3%	+0.9%
Total Roads	**9,717**	**9,940**	**–2.2%**	**–5.8%**
Specialized Activities(1)	**2,227**	**2,446**	**–8.9%**	**–9.8%**
Parent company	**16**	**10**	**ns**	**ns**
TOTAL	**11,960**	**12,396**	**–3.5%**	**–4.3%(2)**
(1) Of which sales of refined products	120	428		

(2) The cessation in 2015 of the sales of base oil (refined products) was posted as a change in scope.

ROADS

Roads are the Group's main business activity, with revenue totaling 9.7 billion euros in 2015, compared to 9.9 billion euros in 2014, a 2.2% drop. Roads represent 81% of the Group's revenue.

The Roads business is very diverse, covering a wide range of jobs and skill sets. It can be broken down into two activities:

- **construction and maintenance of road infrastructure:**

Each year, via 60,000 projects worldwide, Colas builds and maintains roads and highways, and also works on airfield runways and aprons, seaports, industrial sites, logistics and commercial premises, street construction and urban development (pedestrian walkways, city squares), reserved-lane public transport (tramways, bus lanes, metros), recreational amenities (bicycle paths, motor racing tracks, sports facilities) and environmental protection (retention ponds, landscaping, wind farms), etc. The degree of seasonality of this business varies from one country to the next.

This activity also includes small-scale civil engineering and drainage work often linked to road projects, as well as more complex civil engineering jobs (major structures) required when bidding for road or highway contracts.

Lastly, in certain geographic zones, the Group's road work companies sometimes carry out marginal building activities including conventional new construction and renovation projects in the Paris region and the Indian Ocean and Oceania, where this is an indispensable addition to road work, and the demolition and deconstruction of existing buildings in France, often in connection with the recycling of materials.

The Group's road construction and maintenance business covers a very large number of small- to mid-sized projects, but also major projects, which are sometimes carried out with complex contracts such as concessions, PPP/PFI or MAC (Management Agent Contractor, now called ASC for Asset Support Contract) such as:

– in France, Highway A63 concession in the southwest, Reims tramway concession, Nîmes-Montpellier rail bypass PPP, L2 Marseille bypass PPP, the southwest Vichy bypass PPP, Troissereux bypass PPP in the north of Paris;

– the Portsmouth PFI and long-term MAC/ASC management and maintenance contracts for roads and highways in the United Kingdom;

– PPP for Motorway M6-M60 in Hungary;

– PPP for the Iqaluit International Airport in Nunavut, Canada.

In connection, Colas sometimes acquires stakes, usually minority interests, in concession companies for highway infrastructure, urban roadways and urban public transit.

The road construction and maintenance business posted revenue of 7,927 million euros in 2015, some 66% of total Group revenue.

• the production and recycling of construction materials (aggregates, emulsions and binders, asphalt mixes, ready-mix concrete, bitumen):

Upstream of road construction and maintenance, Colas runs a major business focused on manufacturing and recycling construction materials at all its locations around the world, for internal reuse or sale to third parties, via a dense international network of 714 quarries and gravel pits, 129 emulsion and binder plants, 553 asphalt plants, 197 ready-mix concrete plants and two bitumen production plants (including the Dunkirk plant which will be sold or halted in 2016). In 2015, the Group produced 95 million tons of aggregates, 1.8 million tons of emulsions and binders, 39 million tons of asphalt mix, 2.4 million cubic meters of ready-mix concrete and one million tons of bitumen[1]. Colas also has 2.6 billion tons of authorized aggregate reserves[2] (equivalent to thirty-one years of production), as well as 2.1 billion additional tons of potential reserves[3].

Sales of construction materials to third parties accounted for revenue of 1,790 million euros in 2015, i.e., 15% of total Group revenue.

ROADS IN MAINLAND FRANCE
(revenue in 2015: 3.982 billion euros)

In Mainland France, the Group operates in the roads sector via seven regional Colas subsidiaries, providing a dense network of construction business units and material production units located across the country.

In the Mainland France roads market, Colas is the leader ahead of Eurovia (Vinci group) and Eiffage Travaux Publics (Eiffage group). In the roads and public works sectors, Colas subsidiaries also compete against large national companies such as NGE and Malet, and regional companies like Ramery, Charrier, and Pigeon as well as a very dense network of some 1,400 small- and medium-sized businesses that may be regional or local. In the aggregates and ready-mix concrete market, competitors include cement groups such as LafargeHolcim, Cemex, Ciments Français and Vicat, and a regional or local network of aggregate producers, which in some cases also work in construction.

In Mainland France in 2015, Roads generated revenue of 3.982 billion euros, down 11% from 2014, in the wake of a 13% decrease from the previous year. The road market continued to contract in 2015 following further cutbacks in government funding to local authorities, in addition to traditional slowdowns following election periods and uncertainties as to territorial reforms. The slump in business activity was present throughout the country, and was sharper than expected. The downturn has lasted for several years, and the road business is now back to the level it had reached ten years ago. Thanks to a series of adaptation measures, Colas' road companies were able to offset part of the additional slump's impact on their operating income.

Colas is currently taking part in two projects: the construction of the Nîmes-Montpellier high-speed train bypass and the L2 bypass in Marseille. The Vichy PPP bypass was handed over at the end of December 2015, launching the fifteen-year maintenance period. Work on the Troissereux PPP bypass continued to make good headway.

In all, a total of 40,000 projects were completed by Colas road companies in Mainland France in 2015. The following examples illustrate Colas' broad diversity of know-how and expertise:

<u>Construction, maintenance and renovation of highway networks:</u> construction of interchanges on Highways A2 and A23 near Valenciennes; repaving on Highway A40 at toll booths in Montreuil-aux-Lions and Taissy; repaving on Highway A26 near Reims and Saint-Quentin; refurbishment of a section of Highway A28 between Parigné and Écommoy; repaving on Highway A35 near the Croix de la Hardt interchange near Mulhouse; repaving at night of a 20-km section of Highway A40 between Scionzier and Scientrier; repaving in the Fourvière tunnel in Lyon.

<u>Construction, maintenance and renovation of road networks:</u> construction of the Troissereux bypass in a PPP, including 1 million cubic meters of earthworks and five engineering structures, of which a 275-m long cut and cover tunnel; completion of the PPP Vichy bypass; construction of bypasses in Lons-le-Saunier, Saint-Nom-la-Bretèche, Baraqueville, northeast Poitiers; construction of a new route from Sartrouville to Montesson, with an open tunnel and overpass.

<u>Airports and ports:</u> widening taxiways at the Orly Airport; earthworks, pavement and dikes at the Port of Calais.

<u>Urban development:</u> redesigning the cours Émile-Zola in Villeurbanne; redesigning the La Cerisaie district in Villiers-le-Bel; paving at the Paris-Saclay science center in Palaiseau; quality urban development in the Brise-Échalas district in Saint-Denis.

<u>Public transport:</u> construction of Bus Rapid Transit lanes in Le Mans, Lorient, Gonesse.

<u>Logistics, commercial, industrial facilities:</u> extension of the Eurotunnel freight terminal in Coquelles; construction of a platform for an aeronautic group in Mérignac; logistics and commercial hubs in Avermes, Bourg-Achard, Fenouillet, Orléans, Cholet, Vandœuvre-lès-Nancy, Arras, Anglet, Sens, Villabé.

(1) This figure corresponds to production at the Kemaman plant in Malaysia.

(2) Authorized reserves refers to the annual tonnages authorized by the authorities, multiplied by the number of years remaining until expiration of the operating permit, at all premises controlled by the Group. This figure cannot exceed the number of tons that are economically viable within the scope of the permit.

(3) Potential reserves refers to tonnages currently in controlled premises, with the reasonable likelihood that a local permit will be obtained, and not already counted under "Authorized reserves". This figure cannot exceed fifty years of production, based on the assumption that a permit will be obtained or an existing permit renewed.

Sports and recreational facilities: construction of a test track for a car builder on the Le Mans racing circuit.

Environment: building of the platform for 23 wind turbines in Dizy-le-Gros; construction of flood retention dyke on the Opal Coast; redesigning and protecting Lido beach in Frontignan.

Other activities: asbestos removal and deconstruction using explosives of a building in the La Duchère district of Lyon; deconstruction of the Font-Pré hospital in Toulon and the Bégin hospital in Saint-Mandé; deconstruction, pollution remediation and reinforcement of embankments at the île Seguin in Boulogne-Billancourt; demolition and green building reconstruction of the Léonard-de-Vinci high school in Saint-Germain-en-Laye.

ROADS IN EUROPE
(revenue in 2015: 1.674 billion euros)

Colas does road work both in northern Europe, including Belgium, Switzerland, Denmark, the United Kingdom and Ireland, as well as in central Europe, including Slovakia, Hungary, the Czech Republic, Poland, Croatia, and Romania.

In most European countries where Colas operates, the Group enjoys a prominent position in the roads sector. Its main competitors in these countries are national corporations or subsidiaries of large international groups (construction and public works, cement makers, manufacturers of building materials).

In Europe, the Roads business accounted for revenue of 1.674 billion euros in 2015, close to that recorded in 2014 (+0.8%) (–3.5% at constant scope and exchange rates).

Northern Europe

In northern Europe, revenue came to 942 million euros in 2015, roughly unchanged from 2014.

In the **United Kingdom,** a major national road infrastructure program that runs up to 2020 has as yet to have any positive impact. Colas Ltd recorded revenue figures identical to 2014, stable at constant scope and exchange rates, with buoyant business in long-term MAC/ASC road and motorway maintenance contracts and the Transport for London contract. MAC contracts for Areas 12 and 14 were extended and ASC contracts for Areas 4 and 12 were secured. The production and sales of road materials (emulsion and special products) enjoyed good business. Colas on Isle of Man was reinforced with the acquisition of a company that will expand the business mix of the subsidiary.

In **Ireland,** where the economic recovery is still not impacting volume in the road market, Colas companies preserved their market shares in all business segments, continued to work on their first MAC/ASC contract in partnership with Colas Ltd, improved their organization, made headway towards better integration of their business activity and maintained a good level of operating performance.

In **Belgium,** the year was marked by sharp drop in public contracts, partially offset by a few private projects. Despite a 15% decrease in revenue, in line with market trends, the drop was anticipated and an adaptation plan was rolled out, enabling operating income to remain stable.

In **Switzerland,** the market was down throughout the country, compared to the high level of the last few years. There were no major highway projects during the year. Against this backdrop, Colas Suisse was able to preserve its operating performance. A new ten-year permit was awarded to the Arvel Quarry, a strategic asset for Colas Suisse.

In **Denmark,** business was buoyant and the year was good, boosted by mild weather and the successful integration of an asphalt concrete company acquired last year. In **Iceland,** the company benefitted from the economic recovery and business activity was improved.

Central Europe

In central Europe, after strong growth last year in the wake of major highway projects awarded at the end of 2013 in Hungary, Slovakia and the Czech Republic, revenue is similar to 2014, at 732 million euros, thanks in part to a mild winter that made it possible to work up to mid-December.

In **Hungary,** construction is almost complete on sections of Motorways M85 and M86. The Budapest tramway was handed over and work on a section of Motorway M4 was halted at the client's request as European funding was not obtained. In **Slovakia,** work on a major project involving the R2 Expressway for the Banovce bypass is currently under way and the core business is making headway in the east. In the **Czech Republic,** business in the conventional construction sector was on the rise and two sections of Highway D1 were delivered. In **Poland,** competition is very tight and business remained stable. In **Romania,** business was voluntarily limited to the production and sales of construction materials. **Croatia** and **Slovenia** are still in a recession.

Among the highlights of 2015 in Europe: in the United Kingdom, work continued on the eight-year road upgrading and maintenance contract for the center of London and runways were upgraded and taxiways extended at the Mount Pleasant Royal Air Force station in the Falklands; in Ireland, maintenance was done on a 253-km network of roads as part of a five-year joint venture contract, renewable twice for one year; in Belgium, an 8.5-km section of Highway E34 between Oelegem and Zoersel was repaved; in Switzerland, roads were maintained with Nanosoft® noise-reducing mix in the Canton of Fribourg; in Denmark, a section of Highway M10; in Hungary, handover was completed of new sections of Motorways M 85 and M 86, line 1 of the Budapest tramway was refurbished and extended; in the Czech Republic, two sections of Highway D1 were repaved and widened; in Slovakia, work was done on the Banovce bypass (R2) including 13 engineering structures as part of a design-build contract; in Poland, paving work was completed at a shopping center in Poznan.

ROADS IN NORTH AMERICA
(revenue in 2015: 2.666 billion euros)

In North America, the Group is present in 26 states in the USA and in eight provinces in Canada (Quebec, Alberta, British Columbia, Yukon, Northwest Territories, Saskatchewan, Ontario, Nunavut). Colas' business in the United States is heavily involved in industry (aggregates, asphalt mixes, ready-mix concrete) and bitumen storage.

In the fragmented markets of North America, Colas' competitors are not only local, regional and national entities (such as, in the United States, Granite Construction in the building and refurbishment of transport infrastructures and Vulcan Materials and Martin Marietta in materials), but also subsidiaries of multi-national corporations, especially in the materials production business (e.g., CRH, LafargeHolcim, Hanson-Heidelberg).

In North America, the Roads business accounted for revenue of 2.666 billion euros in 2015, up 8% from 2014 (–3% at constant scope and exchange rates).

In the **United States,** recovery is slow but perceptible. The market was boosted by state-level infrastructure funding initiatives and revenue is up 13.4%. The drive to refocus on core business was completed. Management teams have been reinforced. Difficult civil engineering projects were almost completely finished at the end of December. Even if work-on-hand has shorter visibility, major road and highway upgrade contracts were secured at the end of the year. 2015 saw the first step of an improvement plan covering operating performance in the Colas companies in the USA. The FAST Act or Fixing America's Surface Transportation Act was passed at the beginning of December. This new eight-year national infrastructure plan represents a 10% increase in funding from the previous plan for the first five years, and will provide greater visibility in the infrastructure market.

In **Canada,** despite a more uncertain backdrop due to the sharp drop in oil prices that has impacted the western provinces, especially Alberta, Colas Canada had a solid year in 2015. Business remained buoyant in Ontario and British Columbia, even in Alberta and Saskatchewan (airports, work on highways, concrete). The Colas company in Quebec, despite a rather unfavorable market, benefitted from the efforts rolled out over the last two years to transform and reorganize the structure, and from the PPP project at the Iqaluit International Airport in Nunavut. In addition, weather conditions were favorable across the country. A major ten-year infrastructure financing plan was passed by the new federal government. The impact will be felt by the end of 2016.

Among the most significant projects undertaken in 2015 in North America, one can cite:

– in the United States: repaving on Highways I-75 in Ohio and I-55 in Arkansas; rebuilding Walker Creek Road near Douglas, Wyoming; building of an interchange on SR220 in Clinton County, Pennsylvania; construction of container zones for port authorities in Virginia and Georgia; refurbishing the runway safety areas at the Nome Airport on Seward Peninsula, and the runway and taxiway at the Juneau Airport in Alaska;

– in Canada: repaving and extension of runway, taxiways, aprons and access roads at the Iqaluit International Airport in Nunavut; widening and repaving of a section of Highway 73 in Quebec; continued work and completion of construction and repaving on sections of Highway 63 in Alberta; repaving the runway and taxiway at the Estevan Airport in Saskatchewan; refurbishment of a 27-km section of Highway 93S in the Kootenay National Park in British Columbia.

ROADS IN THE REST OF THE WORLD
(revenue in 2015: 1.395 billion euros)

Throughout the Rest of the World, the Group operates:

- in all of France's Overseas Departments (Martinique, Guadeloupe, French Guiana, Mayotte, Reunion Island);
- in Africa and the Indian Ocean (mainly Morocco, western and southern Africa, Madagascar, the Comoros, Mauritius);
- in Asia/Australia/Oceania, where the production, storage, transformation, distribution and sale of petroleum products are the Group's main business, carried out via a network comprising one bitumen production plant in Kemaman, Malaysia, coupled with 25 emulsion plants and 21 bitumen storage units. In Australia, business has expanded to include road construction. In New Caledonia, Colas and its subsidiaries operate in road building, construction, aggregates and ready-mix concrete.

In most of the countries and regions where it operates, Colas is a prominent player in the road construction sector. It competes in each country with national corporations or the subsidiaries of major international groups (construction and public works, cement makers, material manufacturers).

In 2015, the Roads business in the Rest of the World accounted for revenue of 1.395 billion euros, up 3% from 2014 (+1% at constant scope and exchange rates), a trend that reflects dissimilar situations.

French Overseas Departments

In the French Overseas Departments, revenue for 2015 was up 7% from 2014, at 504 million euros.

The **Caribbean-French Guiana** area was down due to cutbacks in budgets earmarked for local authorities, as was the case in Mainland France. Thanks to streamlining and restructuring over the last few years, the size of the subsidiaries is well matched with current volumes. They benefitted from projects such as the Bus Rapid Transit contract in Fort-de-France or the extension of the Pointe des Grives Port terminal in Martinique.

On **Reunion Island,** work continued on the new Littoral Coastal Road project (850 million euros, of which 482 million for the subsidiary, completion slated for 2019), partially offsetting the drop in the conventional building and public works segments. In **Mayotte,** business volumes are down compared to previous years with the absence of major projects.

In the French Overseas Departments, highlights of 2015 included the construction of reserved-lane bus networks and the extension of the Pointe des Grives Port terminal in Fort-de France, Martinique; earthworks, roads and main services for an eco-district in French Guiana; continued work on a causeway and an interchange for the new Littoral Coastal Road, the construction of the Ouest medical center on Reunion Island.

Africa and the Indian Ocean

In Africa and the Indian Ocean, revenue totaled at 428 million euros in 2015, compared to 448 million in 2014. Despite the fact that infrastructure needs remain high, some countries in central and southern Africa were impacted by lower oil and raw material prices.

In **Morocco,** where there were no major projects, the subsidiary recorded an increase in revenue and benefitted from the positive effects of last year's streamlining. Several highly technical projects should be launched shortly (highways, tramways, renewable energy).

In **West and central Africa,** business was up, reflecting different trends in each country: an increase in **Côte d'Ivoire,** launching of the construction of the Tchetti-Savalou road and the Logozohoué-Glazoué road in **Benin,** a slump in **Gabon** (oil prices). Work continued on the major project involving the second North exit of Brazzaville in the **Republic of Congo.**

In **southern Africa,** lower raw material prices, currency devaluations, and a glum economic environment in South Africa led to a drop in business activity. Revenue is down in South Africa, Colas' spearhead in the area.

The same is true in **Madagascar,** where projects secured in the past years were not relayed, and in **Mauritius,** where the construction market is still slack in the absence of major projects.

Among the major projects in Africa and the Indian Ocean in 2015, one can cite: building of a new logistics hub at the Tanger Med Port, the construction of an expressway as part of the Bouregreg valley development project in Rabat-Salé, refurbishing a section of highway between Kénitra and Moulay Bousselham in Morocco; the construction of roads between Tchetti and Savalou (42 km) and Logozohoué and Glazoué (17 km) in Benin; construction of two bridges and repaving a 32-km section in Béoumi, refurbishing *Boulevard Lagunaire* in Abidjan, in Côte d'Ivoire; widening a freeway in Libreville, Gabon; renovating the second North exit of Brazzaville in the Republic of Congo.

Asia/Australia/New Caledonia

In Asia/Australia/New Caledonia, revenue in 2015 amounted to 463 million euros, up 7% from 2014. Colas companies performed very well throughout the zone in every business segment.

In **Asia,** Colas' bituminous products business enjoyed growth, in particular in **Vietnam.** In **India,** thanks to a very good core business and a good product mix, Hincol had a good year. In **Thailand,** Tipco, of which Colas owns a 32% share, posted a sharp increase in revenue, with a record year, boosted by strong demand in the country and solid headway in the zone (Vietnam, Indonesia, Australia and China). The Kemaman refinery in **Malaysia** was at full production capacity throughout the year to satisfy the demand for bitumen in the region. The Indonesian road construction subsidiary Wasco, in which Colas held a 55% stake and which posted revenue of 20 to 30 million euros per annum, was sold at the end of the year.

In **Australia,** 2015 was a year of consolidation of business activity (construction and bitumen and emulsion sales). The Provinces cut back on their road maintenance programs as their revenue dropped with lower income from the mining sector.

In **New Caledonia,** the economic backdrop is difficult, and yet the road construction subsidiary had a good year in its core business segment (asphalt mix), thus benefitting from last year's streamlining and refocus programs. The building business was boosted by the private project for the Nouville clinic. Lastly, the industrial subsidiaries continued to optimize thier production tool.

Major projects in 2015 in Asia/Australia/New Caledonia included: work on airfield pavement at the Bangkok International Airport in Thailand; the construction of the Nouville clinic in Noumea, New Caledonia.

SPECIALIZED ACTIVITIES

Specialized Activities, excluding the production and sales of refined products in France, posted revenue in 2015 at 2.1 billion euros, up 4% from 2014, with improved operating income performance. These activities represent 18% of the Group's total revenue.

RAILWAYS
(revenue in 2015: 1,007 million euros)

The Railways business, performed by Colas Rail and its subsidiaries, includes the design and engineering of large, complex projects and the construction, renewal, and maintenance of rail networks (high-speed and conventional train routes, tramways, metros) as regards their fixed installations and infrastructure, namely the laying and maintenance of track, electrification (substations, overhead power supplies), signaling and safety systems, specialty projects (retractable bridges, special branch lines, tunnels), the manufacturing of ties, and a rail freight business (transport of aggregates for the Group's subsidiaries, as well as other goods for private clients).

The Railways units operate in France and around the world, notably in the United Kingdom, as well as in Belgium, Poland, Romania, Venezuela, Chile, Egypt, Algeria, Tunisia, Morocco and Malaysia.

Colas Rail's main competitors in France are ETF (Eurovia), TSO (NGE), TGS (Alstom), Eiffage Rail, and a number of independent mid-sized companies. In the United Kingdom, they are Balfour Beatty, Carillion, Babcock, VolkerWessels, Vinci, Skanska, BAM, and Ferrovial.

In 2015, railways markets were buoyant, both in longstanding recurrent business (renovation and maintenance in France and the United Kingdom) and on major international projects. Colas Rail went past the one-billion euro mark in revenue this year (1,007 million euros), with growth of more than 10%, well balanced between business in Mainland France and in the international units (+7.5% at constant scope and exchange rates).

In France, business remained high in track maintenance and renovation for the French National Rail network, contrary to the tramway sector which did not benefit from any new projects in 2015. The construction contract for the Nîmes-Montpellier high-speed train bypass, in which Colas Rail has an 18% share, is moving along at a good pace; the rail work began at the end of 2015.

In the United Kingdom, despite the internalization of Fast Track rail renewal contracts by Network Rail, business enjoyed another year of growth. A major contract for upgrading rail infrastructure in Wessex was secured. The freight business continued to make headway with Network Rail and private clients.

In the Rest of the World, revenue increased, with in particular continued work on the Kelana Jaya light rail extension project in Kuala Lumpur, Malaysia, construction work on line 2 of the Los Teques metro and line 5 of the Caracas metro in Venezuela, and the construction of lines 3 and 6 of the Santiago, Chile metro. Construction work was launched on the high-speed Tangier-Kenitra train line in Morocco. Two contracts to extend the line 3 of the Cairo, Egypt metro were secured.

In addition to the international projects cited above and to the completion of the extension of line 1 of the Algiers, Algeria metro, highlights of 2015 included: construction of overhead lines for the Bretagne-Pays de Loire high-speed train line between Le Mans and Rennes, as a subcontractor for Eiffage Rail Express; upgrading the Rennes-Redon line between Avessac and Saint-Jacques-de-la-Lande; track renewal on the RER A in Paris between Auber and la Défense; extension of line 14 in the Paris metro between Mairie-de-Saint-Ouen and Saint-Denis-Pleyel.

WATERPROOFING
(revenue in 2015: 594 million euros)

Waterproofing business activities, performed by Smac and its subsidiaries, include:

- production and sale of waterproofing membranes (19 million m^2 in 2015) in France and internationally (in over 70 countries), lighting and smoke/fume removal systems and the installation and maintenance of control systems;
- the performance, mainly in France but also in Morocco, Chile and Peru, of waterproofing work on buildings, major engineering structures and parking lots, and building envelope work (roofing, siding, cladding and acoustics, e.g., for offices, industrial facilities, concert halls, museums) and road work and other mastic asphalt street-level construction.

Thanks to its advanced research and development capabilities and engineering design offices, Smac can take on highly technical projects, in which it is a recognized expert and a major market player, competing mainly with Soprema.

In 2015, revenue at Smac amounted to 594 million euros, close to that recorded in 2014 (–2.3%) (identical at constant scope and exchange rates), in a building market in Mainland France that remains sluggish.

Among the highlights of 2014, one can cite the completion of roofing and waterproofing at the Cité du Vin wine heritage center in Bordeaux; waterproofing at the Grand Stade stadium in Lyon; cladding, waterproofing and steel structure for a shopping center in Cagnes-sur-Mer; roofing, cladding, waterproofing and landscaping of buildings at the Pont-d'Arc Caves, a replica of the prehistoric Chauvet Cave.

ROAD SAFETY AND SIGNALING
(revenue in 2015: 310 million euros)

The Road Safety and Signaling business (Aximum and its subsidiaries) includes the manufacture, installation and maintenance of safety equipment (guard rails and traffic directing systems), of road paints and marking products, of signs, and of traffic and access management systems (traffic lights and equipment for toll booths, parking lots and access control).

Most of this business is in France but some is conducted in international markets, most notably in the Netherlands, and products are exported to some 20 countries.

Aximum's main competitors in France are Signature (Eurovia), Agilis (NGE), AER (Eiffage), and Girod and Lacroix in the sign sector.

In 2015, in a difficult market where competition is tough, Aximum's revenue remained stable (312 million euros), thanks in particular to the Works and Services segment because the subsidiary's industrial activity (paint, signing) was faced with a market slump. Aximum continued to play a major role in complex contracts (PPPs for the L2 bypass in Marseille, the Troissereux bypass, and the North bypass in Montpellier).

The most significant projects of 2015 included the supply and installation of safety and signaling equipment for Highways A6, A10, A20, A25, A35, on Routes RD 30 and 307 near Paris, the installation of equipment on L2 bypass in Marseille, the supply and installation of guardrails for the Nîmes-Montpellier high-speed train bypass.

NETWORKS
(revenue in 2015: 196 million euros)

The Networks business (Spac and its subsidiaries) involves the installation and maintenance of large-diameter and smaller pipelines and pipes designed for the transport of fluids (oil, natural gas, water), including the construction of turnkey gas compression stations, and dry networks (electricity, heating, telecommunications), as well as small-scale civil engineering and industrial services.

This business is mostly conducted in France.

Spac's main competitors in the pipeline market are Spiecapag, Sicim, Bonatti for pipelines and Ponticelli, Endel and Eiffel (Eiffage group) for turnkey projects.

Spac recorded revenue of 196 million euros in 2015, equivalent to 2014, with a good level of business in the transport of natural gas and crude oil (pipelines) and energy distribution (thermal and electricity links), which offset the drop in Water and Civil Engineering due to lower demand from public authorities. A major contract to install natural gas pipelines for the Arc de Dierrey project was secured.

Among the year's most significant projects: the installation of 80 km of natural gas pipeline for GRTgaz on the Arc de Dierrey project in eastern France and the Artère des Flandres project; the construction of a heating network in Saint-Ouen as part of the extension of line 14 on the Paris metro; installation of 5 km of electrical cable on the Naphtachimie site in Martigues, France.

PRODUCTION AND SALES OF REFINED PRODUCTS
(revenue in 2015: 120 million euros)

Faced with large operating losses in 2012 (22 million euros), in 2013 (46 million euros) and in 2014 (64 million euros), the decision was made at the end of 2014 to restructure the industrial unit at SRD, by closing the base oil production lines and refocusing the industrial tool on the production of bitumen. The plan aimed to save the Dunkirk site, with forecast for a return to the breakeven point by 2016-2017. The hypothesis was based on crude oil prices of over 100 dollars a barrel, and on the feasibility of diversifying supply sources for vacuum residue, the raw material required for the onsite production.

In 2015, it became clear for Colas that this economic model had no short- or medium-term viability. The price of crude oil has continued to drop since the end of 2014, reaching an unexpected low of less than 30 dollars a barrel. This drop has mechanically driven the sales price of refined products down, including that of bitumen, which was only made worse by the drop in demand in France and in Europe as road markets continue to contract sharply. Inversely, purchase prices for raw materials needed for the production process have not decreased proportionally.

Price scissors created by lower bitumen sales prices and high raw material costs reduced refining profit margin to practically zero, and the Dunkirk unit was unable to cover fixed production costs, as the cost price of refined products is much higher than the sales price of bitumen.

Given the market's outlook for the long run, forecasts for losses led Colas to decide to sell or cease the production and sales of refined products activity.

In addition to operating losses of 77 million euros in 2015, non-current expenses of 80 million euros were accounted for following this decision as of December 31, 2015.

Techniques, Research and Development

Research has been a pillar of Colas' strategy from the very start.

Founded in 1929 to operate a Cold Asphalt patent, Colas continues to pioneer the development of new techniques for transport infrastructure, tailoring them to different national markets (e.g., depending on market evolutions and the type of weather – from the freezing temperatures of Alaska to the tropical climates of Africa and Asia) or inventing, as is the case today, new functions for these infrastructures. Thus, over the decades, Colas has come to boast a portfolio of more than 100 patents filed in France and across the world, in addition to products and processes distributed to subsidiaries worldwide.

The objective of Colas' Research and Development policy is to anticipate and meet market expectations and the needs of public and private sector customers, transport infrastructure users and local communities, in terms of cost-effective quality, safety, comfort, environmental protection (saving materials and energy, reducing carbon impact, reducing traffic noise, and improving esthetic integration) and controlling costs, as well as the protection of employee health at the workplace. It also aims to add new complementary functions to the traditional role played by roads as a vector of mobility and transport, by using new energy and information technologies.

This policy has led Colas' R&D teams not only to improve existing techniques, but to design new products and processes and broaden the Group's range of services, backed by ongoing progress in expertise, particularly in the fields of mineral, organic and plant chemistry, and rail and road infrastructure design. Research undertaken in communicating smart roads and positive energy, called the "5th generation road" in France, required the development of skills in applied physics. The scope of Colas R&D's technical skills and expertise also includes complex PPP-type projects, for which the required maintenance and service upgrades demand high-level expertise in existing transport infrastructure networks.

In 2015, the Group once again adapted its research programs to meet the needs of its rapidly changing markets, against a backdrop of extremely tight budgets.

A NETWORK OF TECHNICAL SKILLS

Colas has a large global technical network that is expanding and getting stronger with each new acquisition the Group makes. This network operates in close synergy with Colas teams in the field to propose new solutions, and to adapt the focus of R&D to include market factors in an ever-changing environment.

At the core of this network is the spearhead of the Group's innovation program, the Campus for Science and Techniques (CST) based in Magny-les-Hameaux, near Paris, the road industry's premier private research center in the world with eight laboratories. The men and women at the CST use their R&D expertise and skills to provide support to Colas subsidiaries in France and worldwide, assisting them with everyday projects and with larger works and complex contracts such as tramway platforms and PPP, PFI and concession projects. Over 90 engineers, laboratory technicians, physicists, chemists, materials specialists and metrologists work at the CST.

At Colas, there are some fifty regional laboratories and one hundred engineering design offices specialized in road construction, civil engineering, rail networks, building construction and deconstruction in France and throughout the world that work in continuous collaboration with the CST. They contribute to the Group's overall research effort and offer tailor-made technical support to local projects.

Each team has its own state-of-the-art laboratory equipment and computer tools, which are renewed on a regularly basis, to meet evolving technical challenges, regulatory requirements and customer needs and expectations. This includes equipment for materials analysis, risk assessment and simulation software, and equipment to assess and inspect the condition of roads, recently acquired or designed by the CST. This equipment enables the Group's teams to propose new solutions to customer needs and enhance contract offerings with technical and cost-saving alternatives.

In all, the Colas technical network boasts 2,000 research experts, engineers and technicians hard at work throughout the Group's businesses worldwide, with 1,000 people in regional laboratories and 1,000 people in technical engineering and design offices.

THE FOCUS OF RESEARCH AT COLAS

Colas' R&D and technical teams focus on the following responsible development issues.

SAVING ENERGY AND MATERIALS, REDUCING CARBON IMPACT

In the field of road construction, Colas' R&D and technical teams focus their efforts on:

- **lowering asphalt mix and mastic asphalt manufacturing temperatures** to make warm, semi-warm and cold mixes (3E® energy efficient mixes), and low-temperature mastic asphalts, such as Smac's Neophalte® BT, with equivalent workability to hot techniques;
- **progressively replacing petrochemical and synthetic chemical components with plant-based products,** such as Vegeflux® and Ekoflux® fluxing agents, and Vegecol® binder which is a carbon sink;
- **reducing bitumen content,** with Megabase, a road base asphalt concrete with large sized aggregates designed for base courses and subgrades on heavily-solicited roads, railways and logistics facilities;
- **recycling used materials,** with in particular the use of high percentages of reclaimed asphalt pavement (RAP) to make new asphalt mixes, illustrated by 3E®+R mixes which have been certified by the French Ministry of Ecology, Sustainable Development and Energy for use in Innovation pilot projects, and by cold in-place pavement recycling and treatment with Novacol® and Valorcol®;
- **reducing the thickness of road layers,** with Colgrill R®, which consists of a fiberglass mesh and asphalt mix. This product won a Sustainable Development Innovation Award and is currently used in several Innovation pilot projects for the French Ministry of Ecology, Sustainable Development and Energy. Optibase®, optimized road base asphalt concrete that can be applied warm, is designed to greatly reduce pavement thickness on heavily solicited roadways (heavy, aggressive traffic, industrial sites). With the same goal in mind to save materials, Ecofast® is the latest very thin process, combining a waterproof substrate and good skid resistance for vehicles. After three years of research, a dedicated machine that is manufactured in France applied more than 70,000 m^2 of Ecofast® during the first month of operations. The product is now part of an Innovation charter program with the CIRR (Street and Road Innovation committee) and a project will be monitored by government officials in 2016;
- **energy savings in buildings,** with the use of insulating structural concrete that reduces heat loss through the walls of the facade.
- **SEVE®, an "eco-comparator"** software designed by teams at Colas and the USIRF, enables contracting authorities to effectively compare the alternative eco-friendly solutions that contract bidders propose to reduce energy consumption and carbon emissions.

MAKING TRANSPORT INFRASTRUCTURE SAFER

As part of its drive to increase road safety and improve driver information, in addition to heavy duty skid-resistant asphalt mix that considerably reduces braking distances, Colas teams are creating energy-autonomous tools to automatically collect, process and transmit information, along with new road marking products that emit no volatile organic compounds, with plant-based ingredients, such as Vegemark®, a water-based road paint with a plant-based binder developed by Aximum.

REDUCING TRAFFIC NOISE POLLUTION

Reducing traffic noise has long been a priority at Colas, which continues to improve its noise-reducing mixes, such as Nanosoft® and Rugosoft®, very efficient tools to reduce rolling noise, even at speeds of less than 50 km/h. Aximum, the Group's safety and signaling subsidiary, also makes high-performance noise barriers.

MAKING INFRASTRUCTURE MORE VISUALLY APPEALING

Since the quality of our environment is also a question of visual appeal, R&D teams have been working to develop surfacing that uses light colored binders such as Bituclair® and translucent plant-based binders such as Vegecol® instead of bitumen to reveal the natural appearance of aggregates.

Paving stones are increasingly popular in town and city centers, and Colas has developed an innovative process called Colpav: the paving stones are applied on a bituminous substrate then sealed and jointed using a specially-designed hydraulic mortar.

The Group also offers a stone surface maintenance process called Sacerlift®, designed to preserve mineral surfaces and restore their original luster. It is particularly suitable for urban squares and pedestrian areas with natural or engineered materials, and it was awarded the 2013 Innovation Award by the Ministry of Ecology, Sustainable Development and Energy.

CONTROLLING INFRASTRUCTURE COSTS

In response to the budget difficulties that some local authorities are facing, Colas has been developing products and processes that are more economical while providing equivalent or even superior performance. Two examples are surface dressing techniques for road maintenance, and long lasting, heavy duty skid-resistant mixes that make roads safer.

In particular, Colbifibre®, which won the 2012 Innovation Award from the French Ministry of Ecology, Sustainable Development and Energy, has been designed to keep older roads in service longer and postpone structural reinforcement work. This cold mix helps protect fatigued pavement at a lower cost, and restores the road's initial quality of service.

PAVEMENT PRESERVATION

In addition to new pavement inspection technologies, of which the image-based inspection techniques used by the Road Eagle Colas, other research paths are being taken, such as sensors embedded in the pavement. These technologies provide real-time information on the structural condition of the pavement, and define maintenance programs in line with residual service life expectations.

IMPROVED MOBILITY MANAGEMENT

Designed by R&D teams at Aximum and the Campus for Science and Techniques, in a partnership with CEA-LETI, the smart road sensor makes it possible to detect vehicles. The sensor has two purposes: first to count vehicles in lieu of loop-based counting systems coupled with the Axiboucle application, and second, to manage parking places using the Axipark application. In the second case, the sensors detect the number of places available in a parking lot or on a street, and can help guide motorists via variable message panels and applications.

EXPANDING THE FUNCTIONS OF ROADS

In 2015, the teams at the Colas Campus for Science and Techniques unveiled a major cutting-edge innovation: the Wattway solar road that produces electricity.

The fruit of five years of research jointly led with the French National Solar Energy Institute (INES), Colas designed a revolutionary, a one-of-a-kind road surfacing that can be used on any type of existing infrastructure. Roads now have a new function, and can produce clean, renewable energy locally. Composed of photovoltaic cells embedded in just a few millimeters of substrate, Wattway panels are glued to the road with heavy duty resin. Recycled glass aggregates make the surface skid-resistant and safe for motorists. The electrical engineering ensures safety and transfer of the electricity produced.

Following a series of severe laboratory tests and research demonstrators, Wattway will be applied on full-scale application projects in 2016.

TECHNIQUES AND SPECIAL PRODUCTS IN FRANCE IN 2015

In a market that remains difficult, the technical network designed high performance technical alternatives using the full range of Colas solutions.

All subsidiary technical departments have maintained or renewed their Laboroute label (IDRRIM certification), reflecting the high level of services provided by the 35 subsidiary-level laboratories in France, that work closely with people on jobsites and production sites (quarries, emulsion plants, asphalt plants, concrete plants).

When budgets are tight, the most popular techniques are Optibase®, optimized road base asphalt concrete and Megabase®, road base asphalt concrete with large sized aggregates, intended for pavement structures. Among the thin maintenance techniques, one can cite bitumen emulsion processes used to preserve road assets in France, which has seen its network in a steady decline over the last few years. Similarly, Colbifibre® is a double layer process comprising a fibered surface dressing and a fibered cold micro surfacing; four projects are still being monitored by the CEREMA, as part of the MEDDE innovation charter. Significant projects were also carried out, especially in rural areas, using the environmentally-friendly process called Ecomac®, which has a very high reclaimed asphalt pavement (RAP) content, mixed with bitumen emulsion and applied at 80°C. The Euromac technique, which enables the spreading of thin layers of bitumen emulsion mixes, was used for the first time in the West. Easycold®, a range of emulsion-based asphalt mixes, is increasingly popular in rural areas, providing comfort and safety for road users.

PROMOTING TECHNIQUES AND SPECIAL PRODUCTS AROUND THE WORLD

In 2015, Colas' international and French Overseas subsidiaries used the Group's special products and processes in numerous projects:

- in **Denmark:** development of Pentack® (seal coat for asphalt mix surfaces), Vegecol® binder in surface dressings and a maintenance contract involving Group pavement inspection techniques;
- in **Switzerland:** development of Valortiede® recycling process using Vegeflux® plant-based binder and 100% reclaimed asphalt pavement (RAP);
- in **Austria:** continued development of Bituclair® light-colored binder;
- in **Hungary:** continued development of foam bitumen warm mixes;
- in **Poland** and **Romania:** development of storable cold mix for small scale maintenance projects;
- in **Croatia:** development of emulsion with the creation of a plant, and surface dressings;
- in the **United States:** the share of Ecomat® warm mixes using bitumen foam and reclaimed asphalt pavement (RAP) is relatively stable as regards total asphalt mix tonnage (37% and 20% respectively). To go beyond these thresholds, the use of regenerating products with Ekoflux® is being studied. Chemoran's CWM® additive for warm mixes was certified by the State of New York and a first 10,000-ton project was completed. The Emulfix process, which improves emulsion viscosity and quality, is used in two plants, one in Alaska and one in Pennsylvania. The National Center of Asphalt Technology's (NCAT) three-year evaluation program for road maintenance products has come to a successful end for FiberMat®, which will now be assessed under even heavier traffic;
- in **Canada:** continued focus on warm mixes and RAP, tailor-made Canadian design for Neoclean® binder (the clean tack coat) and the cost-wise FiberMat® process to reinforce surface dressings on low-traffic roads. A number of technology transfers made it possible to use the Emulfix process at the Acheson plant in Alberta, the use of Betoflex asphalt mix at the Calgary Airport, the design of Rodal percolated asphalt mixes, and the evaluation of colored mastic asphalt;
- in **Morocco:** development of micro surfacing on a 44-km section of road near Agadir, using a design specially adapted for extremely hot weather;
- in **Côte d'Ivoire:** in place recycling with Novacol® (100,000 m^2 in Abidjan), completion of a 290-m long pre-stressed girder bridge in Béoumi;
- in **South Africa:** development of modified bitumen emulsion for winter application, and the first project in Lesotho;
- in **East Africa:** supply of emulsion in Kenya and in neighboring countries as part of rural road projects, with application of cold mix on unpaved roads by local inhabitants;
- in **southern Africa:** first asphalt project on the runway at the Ondangwa Airport in Namibia;
- on **Reunion Island:** completion of the first section of a rapid bus transit network using specially designed Colclair®; construction of a non-hazardous waste storage area; production was launched on the new Littoral Coastal Road project to ensure 317,000 m^3 of concrete for accropodes, designed to last 100 years;
- in **Mayotte:** rehabilitating the pier at the Port of Longoni, including concrete lanes for container crane traffic;
- in **Madagascar:** work on the Ambatovy dam on the Moramanga-Sherritt mining site;
- in **China, Vietnam** and **Thailand:** production of asphalt mix using modified bitumen;
- in **Thailand:** construction of the Mitsubishi Test Track, with 20 test zones for safety, comfort and noise, and upgrading taxiways at the Suvarnabhumi Airport;
- in **Indonesia:** construction of tire manufacturer GT Radial's test track, including 20 different surface conditions;
- in **India:** production of modified bitumen;
- in **Australia:** strong business in surface dressings in the west, and development of high modulus asphalt mix via test sections around Brisbane.

Responsible development

INTRODUCTION

Colas' approach to responsible development (see www.colas.com) is based on the dual conviction that its businesses help fulfill essential needs and aspirations, and that they must be conducted in a responsible manner. Colas has to take into account the expectations and contradictions of contemporary society: social cohesion, climate change, transportation and housing needs, improving living conditions, energy transition, resource management, etc.

As the cornerstone of this approach, the policy implemented and deployed across the Group is guided by three strategic targets and five major targets.

The three strategic priorities are crucial for the development and long-term success of Colas' activities, each of which enjoys its own scope of action: the renewal and enrichment of human capital, community acceptance of production sites, and business ethics. With respect to its human resources, the Group's key areas for priority action are attraction of talent, diversity (professional integration, disabilities, gender balance, older workers), employee retention and training. The action plans implemented to ensure community acceptance of production sites have two principal objectives: ensuring that stationary production sites carry out their operations in a professional manner (environmental certification, checklists used for risk prevention, biodiversity programs) and maintaining open lines of communication with local stakeholders including residents, elected officials and local government. In addition, Colas makes no compromises when it comes to business ethics, which are an intangible Group principle and an integral part of internal control procedures, backed by the roll-out of conformity programs.

Colas' scope for action may be more limited in relation to its five major targets, even though some may be considered every bit as important. These major targets are safety at work and on the road, corporate citizenship in developing countries, energy and greenhouse gases, material recycling, and controlling chemical risks.

For each of these targets, a policy of continuous progress has been established and is coordinated at each level of the organization. Global performance indicators and goals have been specified in most cases. This approach seeks to foster a deep and lasting culture of continuous improvement in the field, throughout the network of 800 construction business units and 2,000 materials production units referenced in the non-financial reporting software.

The team's motivation is also reflected in the wide variety of outreach actions the Group's subsidiaries and local operating units undertake in their own communities. The vision of Colas' business activities is thus enriched and transformed by the collective appropriation of CSR(1).

As far as the dialogue with non-contractual stakeholders is concerned, Colas maintains a strong local presence through a variety of exchanges with neighboring residents, local governments, schools, the social sector, etc. Few issues justify a global and international approach. To date, the sole relevant issue at the Group level involves bitumen fumes, and Colas plays a major role in communicating with customers, scientists, employees, government labor departments and workplace health bodies(2). To encourage broader thinking on this issue, Colas takes part in strategy committees and commissions organized by various bodies bringing together a range of stakeholders, such as CORE at the Ineris(3) or COS at the FRB(4). The Group is also working to give ever more meaning to its corporate patronage actions.

Following the global roll-out in 2010 of a new reporting tool designed to harmonize all indicators used by Colas' 800 legal entities, 2015 was witness to ongoing effort to develop the software and improve its use, thus providing more reliable data and indicators(5).

In accordance with decree no. 2012-557 of April 24, 2012 relating to the transparency obligations of companies in social and environmental fields (implementing article 225 of law no. 2010-788 of July 12, 2010), the non-financial indicators for 2015 and the procedures used to collect these data were verified and certified by Ernst & Young on February 22, 2016.

(1) Corporate Social Responsibility.

(2) See section on "Operational risks".

(3) *Commission d'orientation de la recherche et de l'expertise de l'Institut national de l'environnement industriel et des risques* (research and expert evaluation steering committee), France.

(4) *Comité d'orientation stratégique de la Fondation pour la recherche sur la biodiversité* (strategic steering committee at the French foundation for biodiversity research), France.

(5) www.colas.com.

CSR REPORTING[1]

Pursuant to French decree no. 2012-557 of April 24, 2012, on corporate social and environmental reporting requirements (article 225 of law no. 2010-788 of July 12, 2010), Colas has reported its relevant employee, social and environmental information in its 2015 management report. Three types of information are provided in this document, each of which is identified as either an "indicator" with a "comment", "other substantiating items" (when no indicator is provided) or "qualitative information" (when the subject dealt with requires an explanation).

I – EMPLOYEE INFORMATION

Employee indicators are calculated on the basis of a classic calendar year from January 1 to December 31.

The scope of companies considered in the calculation of employee indicators is a subgroup of the financial scope of consolidation: equity-accounted associates are excluded from this subgroup.

For 2015, the calculation rules for employee indicators were the following:
- fully-consolidated companies are 100% consolidated;
- proportionately-consolidated companies are 100% consolidated if the percentage owned is above 50%; the rest are excluded from the scope.

Colas makes the scope of its employee reporting as wide as possible in order to faithfully reflect the activities of its companies in France and around the world.

The indicators that correspond to standards shared by all the countries in which Colas operates are consolidated under the World scope:
- with regard to employment: workforce by geographic location, percentage of women in the workforce, percentage of women managers, recruitment, departures;
- with regard to health and safety: frequency rate and severity rate of workplace accidents, number of fatal accidents, number of employees trained in first aid.

The following indicators are consolidated under the international scope (which only includes companies that employ more than 300 people, corresponding to 78% of the workforce outside France):
- existence of a staff representative body;
- existence of a formalized training plan;
- percentage of companies providing employee benefits;
- existence of a formalized diversity policy;
- existence of rules governing the number of working hours;
- existence of a system for monitoring absence rates;
- existence of a system for monitoring compensation.

These indicators are now accompanied by qualitative comments.

The following indicators are consolidated under the France scope because they correspond to definitions specific to France that come from the French Labor Code:
- with regard to employment: number of dismissals, average annual wages by status, workforce by age bracket;
- with regard to organization of work: working-time arrangements, absence rate;
- with regard to labor relations: participation in employee elections, number of collective bargaining agreements negotiated;
- with regard to health and safety: number of employees recognized as suffering from an occupational illness;
- with regard to training: number of apprenticeship contracts, number of vocational training contracts, portion of payroll earmarked for training, average training days per employee per year;
- with regard to equal treatment: number of employees with disabilities, number of employees with disabilities recruited, revenue with companies that employ people with disabilities (ESAT or *Entreprises adaptées*).

(1) Article 225 of French law no. 2010-788 of July 12, 2010.

In 2015, Colas introduced a standardized human resources reporting (HRR) process, used by all Group entities in France and abroad. The workforce-related information resulting from this process is shared with operational teams. The application interfaces with the payroll management system in France (which is in the process of being rolled out to international entities) and with the activity report process.

HR indicators are consolidated according to the definitions found in the Bouygues Group's employee reporting protocol.

A. EMPLOYMENT

A.1: Total workforce and breakdown of employees by sex, age, and geographical location

Indicators

Name of indicator	Scope	2014	2015
Workforce by geographical location[1] (number)	World		
France		**36,041**	**34,098**
Total International		**23,641**	**22,803**
Europe		9,769	9,314
Indian Ocean/Africa/Middle East		6,634	6,889
North America		5,195	4,762
Asia/Pacific		1,846	1,450
Central America/South America		197	388
TOTAL		**59,682**	**56,901**

(1) Workforce as of December 31, i.e. all individuals bound by an employment contract to a company within the scope of consolidation or receiving direct compensation for their work from said company, excluding those having entered into a business contract (such as a service agreement) with the Company.

Comments

Colas' global workforce as of December 31, 2015 was down (–4.7%) from that of December 31, 2014, consistent with the drop in business activity.

In France, where the economic environment was challenging, the workforce was down 5.4%:

– down 5.8% at road construction subsidiaries in Mainland France (66% of the workforce), having experienced a further decline in business activity;

– down 9.7% in French Overseas Departments, tied to a drop-off in business activity (with the exception of the Route du Littoral project on Reunion Island) and postponements of construction launches;

– down 3% at Specialized Activities subsidiaries, due in particular to a sluggish building market (for Smac).

The workforce is comprised of 57% workers; 26% office staff, technicians and supervisors; and 17% managers. On the basis of an annual average, the number of temporary employees decreased at the road construction subsidiaries and increased at the Specialized Activities subsidiaries.

Outside France, the workforce has decreased by 3.5%, with variations that reflect the change in business in each region:

– a 4.7% decrease in Europe, tied in particular to the completion of major projects in central Europe;

– a 3.8% increase in the Indian Ocean/Africa/Middle East region, due to stronger business activity in West Africa (Benin, Côte d'Ivoire);

– an 8.3% decrease in North America, as a result of changes in the scope of consolidation (disposals, acquisitions and restructuring of businesses) in the United States;

– a 21% decrease in Asia/Pacific, tied to the disposal of the subsidiary Wasco in Indonesia;

– a 97% increase in South America, related in particular to rail construction projects in Venezuela and Chile.

Indicators

Name of indicator	Scope	2014	2015
Percentage of women in the workforce	World		
Total France[1]		**8.7**	**8.7**
Managers		14.3	14.4
Office staff, technicians and supervisors		23.1	23.1
Workers		0.6	0.6
Total International		**11**	**11.5**
Staff		25.2	25
Workers		3	2.7
Percentage of women managers	World		
Total France[2]		5	7.6
Total International[3]		11.2	12.8
Workforce by age bracket[1] (in percentage)	France		
< 25 years old		5.3	4.3
25-34 years old		23	22
35-44 years old		26.8	27.1
45-54 years old		30.6	31.7
55 years old and older		14.4	14.8

(1) Fixed-term and permanent contracts.

(2) In France, the workforce of women managers was defined, based on employment code criteria, as at or above the level of department head (*chef de service*).

(3) Outside France, the workforce of women managers was defined as members of a local management body (the body that makes strategic decisions, for example an Executive Committee) of a company with more than 300 employees.

Comments

The proportion of female employees remained stable compared to 2014, at 8.7% in France and 11.5% outside France.

In the public works sector, the number of women managers is still relatively low compared to other sectors. An action plan was put in place for Mainland France in 2015, with the aim of attracting more women to all professions.

The distribution of ages is relatively uniform, with a slight drop in employees under 25 due to a decrease in hiring.

The breakdown between age brackets has changed little.

A.2: Hiring and dismissals

Indicators

Name of indicator	Scope	2014	2015
External recruiting by status (number)	World		
Total France[1]		**2,197**	**1,718**
Managers		231	185
Office staff, technicians and supervisors		281	185
Workers		1,685	1,348
Total International[2]		**12,973**	**14,369**
Managers		1,915	2,447
Workers		11,058	11,922
TOTAL		**15,170**	**16,087**
Number of dismissals[1]	France	1,719[1]	1,913
Number of departures[3]	International	14,345	14,937

(1) In France, only permanent contracts are recognized. The figure for 2014, which did not include the special case of dismissals on the completion of projects when the employees were rehired during the year under a fixed-term contract linked to another project, was restated to ensure comparability with 2015.

(2) Outside France, the total number of employees hired over the year is recognized, regardless of the nature of the employment relationship ("permanent" or "seasonal" employee).

(3) Outside France, the total number of employees who left over the year is recognized, regardless of the nature of the employment relationship ("permanent" or "seasonal" employee).

Comments

Recruitment levels remained high, with an increase of 6% (up 10.8% outside France; down 22% in France).

In France, in connection with the drop-off in business activity, hires were down 22%:
- down 41.8% at road construction subsidiaries in Mainland France,
- down 6% in French Overseas Departments,
- down 30.6% at the Specialized Activities subsidiaries.

Subsidiaries had to implement adjustments to workforce levels, limiting the number of new hires, with decreases of 20% for managers, 34% for office staff, technicians and supervisors, and 20% for workers. In order to protect jobs, priority was given to internal hires, thus encouraging mobility between entities. By way of example, Colas Sud-Ouest has been distributing regularly updated job listings at its locations and offers employee training where necessary.

Nonetheless, the hiring of young people and of applicants with skills not available internally has continued in order to prepare for the future. Colas has launched a new website at colas.com, including a social wall pulling in content from Facebook, LinkedIn and Twitter, making it easier for candidates to submit job applications. This tool complements the Colas Hub and the Group's careers site, which was expanded in 2015 to include a live chat feature, plus Happy at Work and Happy Trainees videos and widgets to share reviews and comments by new hires and interns about their experiences.

Colas continues to expand its internship opportunities and hire its most promising interns once they complete their studies. Colas was rated no. 1 in France for starting a career according to the Happy at Work survey. Colas was also one of the first companies in France to conduct a satisfaction survey among its young management-level hires (Universum). As part of its proactive approach to its relations with educational institutions, Colas is sponsoring ESTP's 2018 graduating class and has signed a new partnership agreement with INSA Toulouse. Orientation training for young managers involves a series of initiatives over a three-year period (Tour de France, welcome days at subsidiaries, Colas orientation day, six-month Colas University 1 course after eighteen months with the Group, Bouygues welcome days).

In the French Overseas Departments, hiring has been maintained at a high level on Reunion Island, with additions of workers under fixed-term contracts linked to the major construction project surrounding the new Route du Littoral. The Reunion Island subsidiary GTOI has launched recruitment campaigns for new functions (purchasing, electrical engineering, hydromechanical engineering) and signed a local employment charter in partnership with Dieccte, the regional directorate for businesses, competition, consumer affairs, labor and employment, and *Pôle Emploi,* France's state-run jobs center, to promote long-term employment and skills development on the island.

Outside France, permanent and seasonal hires have remained at a high level, rising 10.8% over the year.

Traditionally, in certain countries where Colas operates in North America, Africa and Asia, hiring levels (especially for workers) are affected by the seasonal nature of business activities. In the United States, for example, there were 3,602 new hires, including 3,119 workers.

Hiring levels are high in Africa, in line with business activity in West Africa (Benin, Côte d'Ivoire).

It is worth noting that in Morocco, recent hires have mainly been aimed at renewing skills in production, purchasing, sales, and works supervision.

In Europe, hiring efforts reflect the development of business activities, including an acquisition carried out by Colas UK.

In the railways business, the number of new hires has risen to meet the needs of specific projects, especially outside France.

Both in France and internationally, management-level recruiting is mainly done through educational partnerships and internships.

In France, the number of dismissals rose 11.3% compared with 2014, affecting 1,913 individuals, including 1,103 terminations due to the completion of construction projects.

As part of the reconfiguration of the plant operated by Société de la Raffinerie de Dunkerque (refocusing on bitumen production alone), the job protection plan carried out in 2015 included 15 redundancies and 37 voluntary departures.

In some countries outside France, the number of leavers remains high due to the seasonal nature of business activities.

A.3: Compensation and changes in compensation

Indicators

Name of indicator	Scope	2014	2015
Average annual wages by status(1) (in euros)	France		
Managers		61,981	61,250
Office staff, technicians and supervisors		35,819	35,935
Workers		25,236	25,862
Existence outside France of a system for monitoring compensation(2) (in percentage)	International		100

(1) Permanent contracts.

(2) Number of companies with more than 300 employees where there is at least one document setting out guidelines for monitoring compensation, divided by the total number of companies with more than 300 employees.

Comments

The compensation policy applied by each Group entity is supervised by Colas on the basis of an annual guidance memo issued by Executive Management. In particular, this guidance memo takes into account each country's economic environment, inflation rate, labor market and status of salary negotiations with trade unions and employee representatives.

In France, with the market in recession and inflation at 0.2%, payroll costs were kept under control in 2015.

Employees are also party to a discretionary profit-sharing agreement, mandated profit-sharing agreements and a Company Savings Plan.

B. ORGANIZATION OF WORK

B.1: Organization of working time

Indicators

Name of indicator	Scope	2014	2015
Employee working time arrangements(1) (in percentage)	France		
Hourly		82.9	82.3
Fixed number of days worked		17.1	17.7
Existence outside France of rules governing the number of working hours(2) (in percentage)	International		100

(1) Fixed-term and permanent contracts.

(2) Number of companies with more than 300 employees where there is at least one document setting out guidelines for working hour arrangements, divided by the total number of companies with more than 300 employees.

Comments

The organization of working time preferred by Colas is based on annualization and a fixed number of days worked. Annualization and the working time modulation plan, which apply to workers and some office staff, technicians and supervisors, mean that work can be organized according to the seasonality of the business, while rewarding overtime. The working hour arrangement applied to managers, which is based on a set number of days worked, is being gradually extended to office staff, technicians and supervisors. In 2015, consultations were organized with the health, safety and working conditions committees at the subsidiaries, with a view to the implementation of a new tool to manage working time and time off for employees whose contracts include a set number of days worked.

Outside France, 100% of companies with more than 300 employees had rules in place governing the number of working hours.

B.2: Absences

Indicators

Name of indicator	Scope	2014	2015
Absence rate[1]	France	4.5	5.1
Existence outside France of a system for monitoring absence rates[2] (in percentage)	International		96.3

(1) Permanent contracts; this indicator measures the number of consecutive days of leave following workplace accidents, commuting accidents, illness or occupational illness, in proportion to the number of calendar days.

(2) Number of companies with more than 300 employees where there is at least one document setting out guidelines for the monitoring of absence rates divided by the total number of companies with more than 300 employees.

Comments

The absence rate (5.1%) was up 0.6 point from 2014. This is slightly higher than the national rate for the private sector of 4.59% in 2014, which had risen 7.4% compared with 2013 (as reported by Alma Consulting Group in 2015).

Outside France, 96.3% of companies with more than 300 employees had a document setting out guidelines for the monitoring of absence rates.

C. LABOR RELATIONS

C.1: Organization of labor-management dialogue, including procedures for informing, consulting, and negotiating with personnel

Indicators

Name of indicator	Scope	2014	2015
Participation in elections of the works council (in percentage)	France	83	83
Existence of a staff representative body[1] (in percentage)	International	72.4	74.1

(1) Number of companies with more than 300 employees at which there is a recognized interface for dialogue (either elected or designated) between management and local staff, divided by the total number of companies with more than 300 employees.

Comments

In France, in 2015, the rate of participation in elections remained high (83%).

Reappointments of employee representatives took place at the parent company Colas SA, at Colas Nord-Picardie, and at Colas Île-de-France Normandie for a portion of its locations.

Outside France, 74.1% of companies employing more than 300 people had staff representation.

In North America, labor-management dialogue is handled mainly with trade unions. In Canada, for example, Sintra enters into direct negotiations with trade unions on the application of the collective bargaining agreement for the construction industry (road and civil engineering works) as well as 18 other local or regional collective bargaining agreements.

In the United States, a number of subsidiaries organize their own meetings to stimulate labor-management dialogue (for example, at Branscome Inc. and Barrett Industries Corporation).

C.2: Outcome of collective bargaining agreements

Indicators

Name of indicator	Scope	2014	2015
Number of collective bargaining agreements negotiated, including mandatory yearly negotiations	France	106	106

Comments

In France, in 2015, labor-management dialogue took place in 321 local and central works councils against a challenging economic backdrop.

The implementation of standardization agreements continues across all subsidiaries. Spac and Segec both signed a standardization and substitution agreement relating to staff employment status during the year, effective as of January 1, 2016. Negotiations are currently under way at the quarry entities of Colas Est and, at Colas Île-de-France Normandie, Cosson has signed a standardization agreement.

Several agreements relating to equal opportunity and pay equity for women and men have been signed at Colas Midi-Méditerranée, Colas Rhône-Alpes Auvergne, Colas Sud-Ouest, Colas Rail, Aximum, Smac, and the subsidiaries in the West Indies.

Several pre-election agreements were also signed in connection with employee elections.

D. HEALTH AND SAFETY

D.1: Workplace health and safety conditions

Qualitative information

With regard to health, specific initiatives have continued in relation to musculoskeletal disorders, noise, UV exposure, alcohol, drugs and psychosocial issues.

Colas has also implemented mechanisms and actions to reduce employee exposure to bitumen fumes, silica dust and chlorinated solvents.

2013 was marked by the official publication of two important documents on bitumen fumes: a monograph by the IARC (International Agency for Research on Cancer) and an official report by the ANSES (French Agency for Food, Environmental and Occupational Health & Safety). The IARC, which is the world's leading scientific reference on the subject, stated in its publication that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. The conclusions of the ANSES reflected the risk analyses carried out by the road construction industry: there are no grounds to consider a carcinogenic risk in the production or use of non-oxidized asphalt, but this substance does present risks of eye and upper respiratory irritation. There were no further publications in 2015. In order to monitor the risk of employee exposure to this irritant, a major study was launched by INRS, the French national research institute for occupational safety and health, to develop a standard method for the measurement of bitumen fumes inhaled by workers. Completed in 2015, this research involved broad participation by industry players, and Colas in particular. A standardized approach to the monitoring of exposures will thus be able to be put in place, taking into account the considerable feedback on the method already in use in Germany.

Likewise, Colas is working to reduce exposure to bitumen fumes and has deployed a global strategy that focuses on two main areas:

– reducing application temperatures, since every 12°C reduction in temperature reduces fume emissions by around 50%. The R&D program currently under way to continue developing warm mixes (see Part II – D.1) is being supplemented by communications campaigns aimed at convincing customers to adopt warm mixes in place of traditional hot mixes;

– upgrading the fleet of finishers (machines that lay asphalt mix) to equip them with fume extraction systems.

An initiative is also under way to eliminate the use of oxidized bitumen, both in road work and waterproofing.

Measures have been introduced in France and internationally to reduce exposure to silica dust:
– ensuring that operator cabs in use are sealed, air conditioned and air filtered;
– ensuring that site staff wear basic dust masks;
– launching a milling-planing equipment replacement program to ensure that machines are equipped with dust extraction systems.

Solvents are the latest front in the fight against employee exposure to toxic chemicals, a category that includes chlorinated solvents used in laboratories, fluidifying agents or anti-adhesive petroleum-based products used at worksites, and petroleum-based or chlorinated solvents used in workshops. Solvents are hazardous to human health when absorbed through the skin (and via the respiratory tract when heated). In addition to maintaining high standards for individual and collective protection equipment and the strict supervision of all products used, Colas has begun a program focused on finding safer alternatives for all solvents in use. Progress in this area is difficult to achieve because possible alternatives may encounter resistance from staff for technical reasons. They may also be more costly, not available in all countries, or require adaptations in working methods due to their lower effectiveness.

In France, Colas is taking part in the debate over the presence of actinolite asbestos (a naturally occurring rock that may contain asbestos-like fibers in one of its forms) in existing roads, recycled materials, and newly extracted aggregates. Colas is a member of several working groups that bring together public-sector experts as well as building, construction, demolition and public works industry associations to better gauge this risk and develop suitable prevention measures.

Thanks to its network of around one hundred prevention specialists in the field, Colas has raised its employees' awareness and increased their training on these issues.

With regard to safety, comments are referenced in D.3 below.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Percentage of warm mix and low-temperature mastic asphalt (in percentage of quantity)	World	Asphalt mix and mastic asphalt production activity	18	21
Percentage of finishers equipped with a bitumen fume extraction system (in percentage of quantity)	World	All fleets of equipment	33	43
Percentage of asphalt planers equipped with a dust extraction system (in percentage of quantity)	World	All fleets of equipment	16	17
Percentage of chlorinated solvents used in closed-circuit systems (in percentage of quantity)	World	All laboratories	61	57

Comments

The "Percentage of warm mix and low-temperature mastic asphalt" produced at hot-mix plants and mastic asphalt plants indicator increased by 17% in 2015.

The "Percentage of finishers equipped with a bitumen fume extraction system", "Percentage of asphalt planers equipped with a dust extraction system", and "Percentage of chlorinated solvents used in closed-circuit systems" indicators were established in 2013 and are intended to measure the number of machines that limit employees' exposure to bitumen fumes, dust and chemicals. These indicators became even more reliable in 2015. The proportion of finishers and asphalt planers equipped with dust extraction systems rose 31% and 6%, respectively, showing that the approach in this area is continuing to deliver solid results.

The proportion of chlorinated solvents used in closed-circuit systems declined slightly and must be correlated with the change in the product quantities purchased (down 11%). It should be noted that purchases of these products by US subsidiaries have been reduced to extremely low levels. More generally, the risk related to chlorinated and petroleum solvent use has been reduced in workshops, on worksites and in laboratories, both in France and internationally. More than three fourths of the Group's parts washers no longer use these types of solvents to clean workshop and laboratory equipment; these products have been replaced by organic and plant-based solvents or aqueous cleaning solutions.

These indicators follow the rules described for environmental and social indicators (see Part II – A).

D.2: Outcome of agreements signed with union organizations or labor representatives as regards workplace health and safety

Qualitative information

In line with the policy it has pursued for a number of years, in May 2013 Colas adopted an action plan for "improving working conditions and preventing arduous working conditions" for 2013, 2014 and 2015.

D.3: Workplace accidents, including frequency and severity, and occupational illnesses

Indicators

Name of indicator	Scope	2014	2015
Frequency rate(1) of employee workplace accidents	World	7.66	6.84
Severity rate(2) of employee workplace accidents	World	0.53	0.52
Number of fatal accidents	World	5	5
Total number of employees trained in first aid (end of period)	World	20,645	19,415
Number of employees recognized as suffering from an occupational illness during the year	France	112	148
Percentage of companies outside France providing employee benefits	International	100	100

(1) Number of workplace accidents resulting in leave x 1,000,000 / number of hours worked. These are accidents declared and recognized by the competent authorities, e.g. the CPAM in France.

(2) Number of days of leave x 1,000 / number of hours worked.

Comments

- Workplace accidents

The number of lost-time accidents fell sharply in 2015 (down 12%).

The frequency rate also improved, dropping from 7.66 to 6.84, as did the severity rate (0.52 in 2015, down from 0.53 in 2014).

These results reflect a greater involvement by managers, especially outside France.

The third edition of Safety Week took place at all of the Group's locations around the world from June 15 to 19, with each country and each subsidiary developing its own safety-related activities.

The many initiatives pursued along these lines in France include:
- cross-audits by subsidiaries introduced for safety issues;
- safety audits performed by Colas SA;
- "starter" safety talks at all worksites;
- safety coaching launched for all new business unit managers;
- the roll-out of a chemical risk assessment tool (Lara) at all French subsidiaries;
- changes to the Ergomat tool, which now lets Colas equipment managers make suggestions to manufacturers of site machines and trucks on areas for improvement or design features for new models.

Examples outside France include:
- Colas Inc.'s project with Caterpillar Safety Services, which involves the entire chain of command, bringing employees into the conversation to reinforce and give meaning to the safety culture;
- innovation at Colas Suisse (Exoskeleton).

Colas is sad to report five fatal occupational accidents: two in France (one at the Colas Centre-Ouest subsidiary, the other at the Colas Sud-Ouest subsidiary) and three outside France (one in Madagascar, one in Côte d'Ivoire, and one in Gabon).

The Group also encourages first-aid training, for the benefit of all employees in both their working and private lives. This training helps to raise employees' awareness of safety issues. At year-end 2015, employees trained in first aid constituted 34% of the total workforce (compared to 34.6% in 2014).

- Occupational illnesses

France had a 32% increase versus 2014 in the proportion of employees with a recognized occupational illness.

- Employee benefits

Outside France, all subsidiaries employing more than 300 people provide benefits to their employees.

E. TRAINING: POLICIES IMPLEMENTED AS REGARDS TRAINING AND TOTAL NUMBER OF TRAINING HOURS

Indicators

Name of indicator	Scope	2014	2015
Portion of payroll earmarked for training(1) (in percentage)	France	3.82	4
Average training days per employee per year(1)	France	2.43	2.48
Existence outside France of a formalized training plan(3) (in percentage)	International	86.2	96.3
Number of apprenticeship contracts(2)	France	359	251
Number of vocational training contracts(2)	France	243	170

(1) Figures related to training are from the final training assessment approved at the end of the first half of fiscal year Y for the period Y–1.

(2) Fixed-term and permanent contracts.

(3) Number of companies with more than 300 employees where a training plan exists, divided by the total number of companies with more than 300 employees.

Comments

Both in France and internationally, Colas invests in training to develop its employees' core competencies and managerial skills and to continue to make progress in the area of safety.

In Mainland France, 4% of the payroll was spent on training in 2015, corresponding to 33,965 training initiatives and 5,636,923 training hours, up 4.8% compared with 2014. Training on prevention and safety issues made up 40.5% of total training hours. 51% of these training hours were delivered to workers, while office staff, technicians and supervisors received 27% and managers 21%. Colas Campus, the Group's in-house training organization, held a total of 444 training sessions during the year across France, with 4,091 employees attending. The Campus delivers training programs based on a common curriculum applied across the Group, facilitating the professional development of workers, office staff, technicians, supervisors and managers. Among these programs, the four Colas University courses have supported the professional development of 304 managers.

The Group's training and skills development policy focuses on safety management training for works supervisors as its top priority. Emphasis is also placed on mastering technical fundamentals and team management. Orientation programs and business-specific training for all new hires are strengthened by the Group's mentoring initiatives. In particular, skills have been passed on in this manner to 558 new employees hired under work/training contracts (359 apprenticeship contracts and 243 vocational training contracts).

Outside France, 96% of companies with more than 300 employees (i.e. nearly 78% of the Colas workforce) had a training plan. The programs in place mainly focus on developing core competencies and safety training.

In North America, for example, this is the case both in the United States, where Colas Inc. has put in place an organization similar to Colas Campus to ensure a common approach to core competency training at all US subsidiaries, and in Canada, where nearly 300 employees have completed technical, managerial and contractual training, this last area involving sessions on fundamentals and certifications in association with the Northern Alberta Institute of Technology. It is also the case in Europe, where training programs for managers have been put in place at Colas Danmark, while technical and administrative training is delivered at Colas Belgium, and safety training is offered at the subsidiaries in Ireland and Austria.

F. EQUAL TREATMENT

Indicator

Name of indicator	Scope	2014	2015
Existence outside France of a formalized diversity policy[1] (in percentage)	International		66.7

(1) Number of companies with more than 300 employees where there is at least one document setting out guidelines for diversity divided by the number of companies with more than 300 employees.

Comments

In France, building on initiatives in place to address social integration, workshops on how to approach social responsibility clauses were held at Aximum, and a partnership agreement was signed between Colas Est and employers' groups.

Outside France, subsidiaries located in English-speaking countries are focusing their efforts on measures to combat discrimination.

F.1: Measures to promote equal opportunity between male and female employees

Qualitative information

In the area of gender diversity, Colas launched an action plan in 2015 drawing on the proposals made by a working group that met in 2014. Some of the related actions have already been carried out. Four films have been produced: one to be used outside the Group made in association with a company that employs people with disabilities and three media campaigns to raise awareness within the Group. Framework agreements with hiring agencies have been amended. Other actions are ongoing, such as manager training and the creation of a network of diversity ambassadors. Further actions will follow in 2016, including an internal communications campaign on the Group's approach to diversity and the expansion of mentoring initiatives. With respect to equal opportunity, the implementation of negotiated collective bargaining agreements at the subsidiaries is monitored by way of the publication of a report on the comparative situation of male and female employees.

F.2: Measures to employ and promote the social integration of people with disabilities

Indicators

Name of indicator	Scope	2014	2015
Number of employees[1] **with disabilities**	France	942	942
Number of employees with disabilities recruited[1]	France	15	6
Revenue with companies that employ people with disabilities (in euros)	France	1,386,383	1,383,472

(1) Fixed-term and permanent contracts.

Comments

In France, the number of employees with disabilities working at Colas companies remained stable in 2015 compared to 2014.

Revenue with companies that employ people with disabilities (ESAT in France) saw a slight decrease of 0.2%.

Subsidiaries that have signed agreements with the French government agency AGEFIPH, which promotes the employment of people with disabilities, continued their initiatives in 2015: 15-minute disability talks (two per year), awareness and training actions, action plans to promote purchases from the sheltered sector and to help staff with disabilities remain in employment, etc.

F.3: Anti-discrimination policy

Qualitative information

In France, the principle of non-discrimination has again been clearly asserted in the negotiations of agreements on gender diversity and equality of opportunity between men and women, and in the "generation contract" agreement signed in 2013 for a term of three years. The latter aims to create lasting jobs for young people, provide older workers with employment opportunities and ensure that knowledge and skills are passed on from one generation to the next. Actions to raise awareness of discrimination issues are also regularly conducted during Colas Universities sessions.

Regarding operations outside France, US subsidiaries are bound by federal laws prohibiting job discrimination in hiring, employee treatment, and compensation. They make their commitments clear and send vacancy announcements to placement agencies that specialize in the employment of minorities, or to specific publications; the Colas North American Corporate University offers ethics courses. US-based employees who feel they are victims of harassment may call a toll-free number for help. In the United Kingdom, Colas Ltd has charters and procedures in place against all forms of discrimination.

G. PROMOTING COMPLIANCE WITH THE INTERNATIONAL LABOR ORGANIZATION'S FUNDAMENTAL PRINCIPLES OF:

G.1: Freedom of association and the right of collective bargaining

G.2: Elimination of discrimination in respect of employment or occupation

G.3: Elimination of forced or compulsory labor

G.4: The effective abolition of child labor

Qualitative information

Since Colas obtains over 90% of its revenue in the OECD countries, it has few operations in countries where there is a substantial threat to freedom of association or substantial risks of forced or compulsory labor, child labor or discrimination. The Group works with few sub-contractors.

Colas has made a commitment to observe the United Nations' Universal Declaration of Human Rights and the ILO's fundamental principles (as per article 2 of the Code of Ethics of Colas' parent company, Bouygues). To ensure that these fundamental principles are observed, Colas:

- provides its employees with a copy of the Bouygues Group's Code of Ethics, to which Colas adheres;
- includes social and environmental criteria in its procurement policy.

II – ENVIRONMENTAL INFORMATION

A. GENERAL ENVIRONMENTAL POLICY

The environmental policy is an integral part of Colas' Responsible Development effort, which the Chairman and CEO has made a core Group value. A Corporate Environment director, who is also in charge of Responsible Development, examines environmental issues and priorities with the Group's operational departments and functional departments, such as Communications, Equipment & Innovation, Human Resources, the Technical and R&D Department, etc. The Environment Department comprises six employees and a network of some forty environment managers in the subsidiaries in France and worldwide, which are in turn supported in the field by several hundred correspondents and internal environment auditors, who often have responsibilities in other areas, such as quality and safety.

All environmental indicators (see list below) are strictly defined. They are collected across the world using a BFC (BusinessObjects Financial Consolidation) application and calculated over a non-calendar year from October 1 of year Y–1 to September 30 of year Y (to allow sufficient time for precise data collection, verification, processing and analysis). Following the structural changes made in 2013 and new features added in 2014, the Xfi application was the focus of an in-depth maintenance review for 2015, and new indicators were implemented, relating to water-scarce regions in particular. The scope of consolidation for Group indicators was modified in 2015: the subsidiaries in Indonesia (ABS and Wasco), Vietnam and Singapore, as well as Raycol in Thailand are no longer included because they are in the process of being transferred to the Thai subsidiary Tipco Asphalt Group, of which Colas is a minority shareholder. As this change in the scope of consolidation corresponds to an impact of less than 1% on overall CAE (*Chiffre d'Activité Économique* = consolidated revenue plus intra-Group transactions and disposals), the restatement of data for 2014 was not deemed useful.

For several years, the indicators used for materials production activities have also applied to companies held with partners outside the Colas Group, and for which Colas does not always have control over environmental aspects (as is the case for example with sites in which Colas has a minority interest). The broad scope of Colas' responsibility and risk exposure may have a negative impact on indicator results.

In addition, the 2015 scope includes small materials production companies, even when their consolidated revenue is lower than the threshold for financial consolidation (2 million euros). The total volume of materials produced by these companies can be significant, even though their revenue is often subject to a high rate of restatement, due to Colas' vertical integration.

The rules of consolidation, which were changed in 2013 to more closely resemble those of the financial consolidation, are presented in the table below and have not changed since then.

	Financial consolidation	Xfi consolidation	Difference between financial and non-financial consolidation
Exclusive control = full consolidation	**100%** (between 50% and 100% control)	**100%** (between 50% and 100% control)	**Same**
Joint control = proportionate consolidation (for GIE consortiums in France, partnerships or joint ventures)	**Application of percentage of control**	**Application of percentage of control**	**Same**
Significant influence or joint ventures = equity method (for partnerships or joint ventures)	**Application of percentage ownership** (application of percentage ownership to income rather than revenue)	**Application of percentage ownership** (application of percentage ownership to all data)	**Difference in certain data**

Environmental indicators:

II – A1: Percentage of materials production activities that have environmental certification; Percentage of materials production activities that carry out environmental self-evaluations using Colas checklists; Percentage of materials production activities that use a tool to manage environmental impact.

II – B2: Ratio of recycled materials to total aggregates produced; Percentage of reclaimed asphalt pavement with bitumen recovery; Surface area of road recycled *in situ;* Waste oil recovery rate.

II – C2: Amount of materials recycled; Amount of asphalt pavement reclaimed; Number of eco-friendly alternatives offered to customers.

II – C3: Energy consumed per ton of mix produced; Percentage of warm mix and low-temperature mastic asphalt produced at hot-mix plants and other asphalt plants; Number of tons of materials transported by rail or waterway; Total energy costs; Ratio of total energy costs to IAV (Internal Activity Volume[1]).

II – D1: Greenhouse gas emissions; Greenhouse gas emissions per ton of mix produced; Global carbon intensity excluding Canada and the United States; Carbon intensity of Canada and the United States; Greenhouse gas emissions avoided by the Group's actions.

II – E1: Percentage of CAE from aggregate production activities that take action to promote biodiversity.

(1) IAV (Internal Activity Volume): the purpose of this performance indicator is to establish an accounting scope reflecting direct energy consumption by Colas, in order to calculate a ratio of direct energy intensity. It is equivalent to CAE (revenue before eliminations) less operating profit margin and revenue from subcontracted work.

A.1: The Company's organization for addressing environmental issues and its environmental certification and evaluation actions when appropriate

Colas manages environmental risk and its continuous improvement plan with the support of two tools: (i) certification to ISO 14001 or its equivalent and (ii) self-evaluations using Colas checklists. The challenge for Colas relates mainly to permanent facilities and hardly involves its worksites, given their small average size (revenue of less than 100,000 euros) and the fact that a large majority of them (around 90%) are in areas no longer in their natural state.

Colas has put in place three indicators to measure progress made under its policy:

1. The environmental certification indicator reflects Colas' regulatory compliance policy as well as the efforts made to analyze environmental risks and control these risks through action plans.

2. The environmental self-evaluation indicator reflects the extent to which Colas evaluates its activities using its own checklists. These checklists constitute a concrete benchmark for assessing the environmental performance of the Group's main fixed facilities and then determining progress plan priorities. A standard checklist has been prepared for practically every type of stationary facility: R&D laboratories, works center depots, workshops, hot and cold-mix plants, emulsion and binder plants, bitumen depots, quarries, gravel pits, recycling platforms, ready-mix concrete plants and prefabrication plants. This represents around 2,000 production units all over the world. The checklists are part of Colas' internal control system.

3. The aggregate indicator combining environmental certification and checklists provides an overview of an expanded scope.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Percentage of materials production activities that have environmental certification (in percentage of CAE[1])	World	100% of CAE[1] of materials production activities	60	60
Percentage of materials production activities that carry out environmental self-evaluations using Colas checklists (in percentage of CAE[1])	World	100% of CAE[1] of materials production activities for which checklist is applicable	84	89
Percentage of materials production activities that use a tool to manage environmental impact (environmental certification and/or Colas checklists) (in percentage of CAE[1])	World	100% of CAE[1] of materials production activities	82	81

(1) CAE: revenue + intra-Group transactions and disposals. This amount takes into account Colas' upstream activity (essentially construction materials), whereas accounting for Colas' vertical integration results in the elimination of more than 50% of materials production activity from revenue.

Comments

The "Percentage of materials production activities that have environmental certification" indicator remains constant and at a satisfactory level, given the range of contexts around the world where Colas operates and the minority interests held by Colas in many of these businesses. Furthermore, in some regions, managers have begun to question the usefulness of this approach, or would like to replace it with more practical and less systemic guidelines. At this stage, the debate remains open, even though there is a strong tendency at subsidiaries to define the certified scope of their activities with greater precision.

The indicator on environmental self-evaluation using checklists gained 5 points in 2015. The movement in this indicator is tied to greater participation in Canada, central Europe and Mainland France. It should be noted that this indicator has risen 14% since 2013. In many respects, it is the cornerstone of the policy put into practice by Colas to address environmental risk.

The percentage of materials production activities that use a tool to manage environmental impact remains high. The target is to reach 100%. This objective is ambitious considering that other companies sometimes have large and even majority stakes in some Colas entities, which prevents Colas from ensuring complete oversight (see Part II – A on the method used to consolidate non-financial indicators). This percentage is lower than that for environmental self-assessment using Colas checklists due to a larger scope of consolidation.

A.2: Employee environmental training and information actions

Substantiating items

Colas does not use performance indicators to specifically monitor employee training and awareness-raising actions in the area of environmental protection.

However, environmental certification standards (particularly ISO 14001) require that the environmental performance of employees be assessed, that environmental training be provided for employees when necessary, including new recruits, and that contractors be provided with relevant information (pursuant to Section 4.4.2 of ISO 14001).

Colas has not set up a single central model for training and information actions; these actions may take a variety of forms depending on the country, the subsidiary and the activity. However, the environment and Colas' Responsible Development policy in general are covered in a training program offered at Colas University 1. Colas prefers to address this challenge with a decentralized approach and monitor training and information performance in compliance with an environmental standard that is verified by certified auditors, such as ISO 14001.

Furthermore, work meetings and conventions on environmental themes are organized every other year (most recently in Brussels in June 2014, and next in May 2016 in Lyon) to raise awareness within the network of environmental correspondents in France and worldwide. Meetings at worksites and production sites make it possible to share experience and set up action plans. The Colas Group's websites are also ongoing sources of information for all employees.

A.3: Resources used and measures taken to prevent environmental risks and pollution

Substantiating items

Colas does not use consolidated indicators to monitor spending on the prevention of environmental hazards or pollution, or to monitor preventive actions. This spending is included in normal operating expenditures. It is difficult to allocate purchases or maintenance costs: for example, replacing a bag filter at an asphalt mix plant constitutes a normal expenditure for Colas, even though it is of an environmental nature since it serves to prevent particulate emissions.

However, environmentally certified sites have supporting documentation in the form of an environmental analysis on the one hand and budgeted preventive action plans on the other. Colas uses this information during management reviews to analyze and limit the impact of the Group's operations and improve environmental performance.

Operating licenses for environmentally sensitive facilities that require government authorization or registration ("ICPE" facilities in France) generally require strict compliance with environmental requirements, irrespective of the country in question (OECD or otherwise). ISO 14001 certification gives Colas a good level of assurance that it will meet these requirements. Compliance with government requirements is the main criterion for self-evaluation by Colas' checklists. It is therefore taken into account through annual self-evaluations at sites that are not certified (see the "Percentage of materials production activities that carry out environmental self-evaluations using Colas checklists" indicator in Section A.1). Lastly, the annual cross-audits of subsidiaries in Belgium, Mainland France and Switzerland, which are conducted at a large number of sites by trained internal auditors, also serve to evaluate facilities and reinforce environmental hazard prevention. Audits are carried out at an average of one hundred ISO 14001-certified sites per year, representing around 15% of sites in that geographic area. Extending this type of system to countries with different languages, where Colas has fewer locations, is more difficult, but a thought process is currently under way to adapt it to these contexts.

A.4: Provisions and guarantees to cover environmental risks, unless this information may be detrimental to the Company's position in ongoing litigation

Qualitative information

Contaminated land: in line with its management guidelines, Colas makes provisions for clean-up expenses when the amounts have been determined based on an assessment by an independent firm and when a date for site rehabilitation has been set (by the competent authority, for example) or is otherwise known (upon lease termination, for example).

Financial guarantees and provisions for site rehabilitation: a large number of quarries and other sites worldwide are subject to specific requirements when they are no longer operated and require provisions to cover environmental risks during operation. This entails a wide variety of guarantees and practices (such as performance bonds, insurance, escrow accounts and provisions) that depend on national laws. Colas' provisions on site rehabilitation commitments totaled 161 million euros as of December 31, 2015 (see the section of the management report entitled "Rehabilitation of industrial sites" (under Risks – Industrial and environmental risks – Environmental risks).

As of this date, there is nothing that indicates that these measures were insufficient, either during internal or external audits or during the investigation of insurance claims.

B. POLLUTION AND WASTE MANAGEMENT

B.1: Measures to prevent, reduce and clean up discharges into the atmosphere, water or soil that may have a severe environmental impact

Substantiating items

Colas does not use consolidated indicators to monitor its actions to prevent or reduce discharges into the atmosphere, water or soil or to clean up such discharges. However, all environmentally certified sites prepare an environmental analysis, dashboards and action plans (particularly for reducing discharges into the environment in cases where this is deemed significant). Colas uses this information during management reviews to analyze and limit the impact of the Group's operations and improve environmental performance. In addition to these standard-based measures, Colas' checklists cover such aspects as administrative management, site development, waste storage, operations management and monitoring, environmental impact and risk management (water and air pollution, waste, natural and technological risks, noise and vibration) and dialogue with local communities (see the relevant indicators and comments in Part III – A.1).

During the fiscal year, there were no accidents or incidents to report that seriously affected the environment.

B.2: Waste prevention, recycling and disposal

Since Colas is a major producer and consumer of construction materials, recycling is of fundamental importance and plays a key role in responsible development.

Recycling reduces the need to extract aggregates from the earth (thereby reducing the need for new quarries and gravel pits) while reducing the amount of material that needs to be disposed of. A Recycled Materials indicator was implemented in 2004 to measure subsidiary efforts in converting waste into construction materials, relative to the total volume of aggregates produced, thus providing an assessment of the savings in terms of new materials.

Reclaiming asphalt pavement when repairing or repaving roads makes it possible to recover bitumen, a non-renewable petroleum resource found in this type of material. Asphalt mix, which is used in most road networks throughout the world, consists of a mixture of about 5% bitumen with aggregates. Reclaimed asphalt pavement (RAP) comprises the materials recovered from the milling or deconstruction of roadways before new asphalt mix is applied. Recycling asphalt mix when repaving a road offers three advantages:

– saves energy and reduces greenhouse gas emissions;
– enables the reuse of bitumen, a non-renewable natural resource, and aggregates;
– reduces road construction costs for the customer (often public sector) at identical levels of quality and performance.

In-place road recycling – which involves removing the asphalt mix from a road, adding a binder to it at the worksite and repaving the road with the resulting mix – saves a great deal of energy by considerably reducing the need to transport materials. Substantial amounts of aggregates are also saved since the material removed from the road is recycled.

As part of its effort to measure its waste management performance, Colas has developed a specific indicator to monitor the management and disposal of waste oils generated by all its subsidiaries and business lines. In most countries, waste oil is subject to special hazardous waste regulations and is the main hazardous waste generated by Colas' business activities. The indicator is calculated based on the ratio of used hydraulic and motor lubrication oil that is either disposed of by a certified channel or responsibly recovered, relative to total oils purchased.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Ratio of recycled materials to total aggregates produced (in percentage of quantity)	World	Asphalt mix and aggregate production activities, and railroad worksites	10	10
Percentage of reclaimed asphalt pavement with bitumen recovery (in percentage of quantity)	World	Materials production activity	14	14
Surface area of road recycled in place (in millions of m^2)	World	Worksite activities	4.2	2.4
Waste oil recovery rate (in percentage of quantity)	World	All activities	56	64

Comments

In 2015, Colas recycled and recovered almost 7.2 million tons of materials. This represents 10% of its total aggregate production and worldwide savings equivalent to the average production of 16 Colas quarries. The level of this indicator remained constant, even though recycled material tonnage and aggregate production decreased by 15% and 9%, respectively. The decrease in the tonnage of recycled materials reflects the drop-off in activity for certain subsidiaries outside France, especially those in northern Europe, and a difficult economic climate for road construction subsidiaries in Mainland France, which has a considerable impact on Group figures, since most of this recycling takes place in Mainland France. The issue of actinolite asbestos in France further accentuated the decline in this indicator for the country (see Part I – D.1 on occupational health and safety conditions).

The industry consensus holds that the maximum recycling rate achievable for all asphalt mix excavated or planed off the road is between 20% and 25% in OECD countries, with this rate varying in accordance with urban density and the technical habits of project owners. Colas is therefore situated in the third quartile of this maximum rate overall, with some subsidiaries in France and the United States having attained the maximum level in 2015, whereas this progress is more difficult to achieve in less proactive countries.

The percentage of reclaimed asphalt pavement with bitumen recovery remained stable in 2015; the amount of reclaimed asphalt pavement and asphalt mix production remained at the levels reached in 2014. This stability is particularly related to a slowdown in progress in Mainland France resulting from the issue of actinolite asbestos mentioned in the employee information section (see Part I – D.1: Workplace health and safety conditions) and the decline in the relative contributions of the United States and northern Europe to this area. In less-developed countries, where Colas is making headway, recycling rates are very low, because it is common practice to strengthen existing structures by adding new layers.

The surface area of road recycled in place by Colas subsidiaries decreased by 43% in 2015 compared to 2014. The notable decline in the surface area of road recycled in place reflects several trends:

- a slump in the local market (in terms of both quantity and price) for a Canadian subsidiary and a US subsidiary, which accounts for a drop in the surface area of road recycled in place that was higher than the decline recorded for Colas worldwide;
- a drop-off in road construction activities for Colas, reflecting a contraction in the market due to the steep fall in public-sector investment, since budgets for road maintenance are often considered as a variable for the adjustment of public deficits. Contrary to expectations, in many countries, the management of budget shortfalls by public contracting authorities is not resulting in an increase in recycling activities. Nevertheless, it should be noted that, against this backdrop, in-place road recycling efforts by Colas are resilient.

Regarding waste oil, the optimum oil-recycling ratio is considered to be 80% if the oil that is consumed and burned by vehicles and machinery is taken into account. In 2015, Colas achieved a 64% recovery rate, up 14% from 2014. This trend was mainly observed at subsidiaries in North America as well as West and central Africa. The management of all types of waste is monitored and assessed pursuant to ISO 14001 certification requirements and at annual self-evaluations using checklists (see environmental certification and self-evaluation indicators in A.1).

B.3: Reducing noise and other types of pollution for a given activity

Indicators and comments

"Percentage of CAE from materials production activities with an organization for local dialogue": see Part III – A.2 (Regional, economic and social impact of the Company's activity on local residents and communities).

Qualitative information

Colas is developing products that reduce traffic noise, such as fractal-technology noise barriers, and most significantly noise-reducing mixes (such as Nanosoft® and Rugosoft®) which can reduce traffic noise by as much as 9 dB. 243,000 tons were produced in 2015, down 11% compared to 2014. Mainly used at the Group's worksites in Mainland France, this production suffered from the economic slowdown. This product range reflects the continuing effort Colas has been investing in R&D for many years, and for which it has received a number of awards.

C. SUSTAINABLE RESOURCE USE

C.1: Local water consumption and supply

Qualitative information

Water consumption is more important in some parts of the world than in others. In general, Colas subsidiaries must take local water requirements into account, and water management is one of the criteria of the ISO 14001 standard (see indicator in A.1 on the percentage of materials production activities that have environmental certification and carry out environmental self-evaluations).

In 2015, Colas introduced new indicators to measure and limit the pressure exerted on water resources by its operations in regions where water is extremely scarce. The methodology used to assess the Colas operating regions concerned is based on the interactive "Overall Water Risk" map published on the website of the World Resources Institute. For these regions, water consumption by Colas' permanent facilities is estimated at slightly over 1.5 million liters. An initial analysis showed that about 5% of the CAE of permanent facilities operated by Colas is generated in regions with extremely high water-related risk, whereas the rate of water self-sufficiency for these same activities would be about 23%. These indicators will be rendered more reliable in 2016 and 2017. Figures for 2015 are only provided as a rough guide at this stage. In order to limit the pressure exerted by Colas on water resources in these regions, action plans aim to increase subsistence consumption of water, encourage recycling and reduce waste.

Colas has also implemented a strict surface water and groundwater protection policy to guard against the impact of accidental or everyday pollution at its fixed production and maintenance sites. This policy follows strict guidelines, backed by Colas checklists, which require that these sites be (or may be) completely isolated from the surrounding environment. 21% of CAE from global materials production activity satisfies all these requirements (up 3% with respect to 2014); the other sites are at varying stages of their action plans. In 2016, this indicator will join the list of those subject to verification.

C.2: Consumption of raw materials and measures to use them more efficiently

Colas' approach to reducing the consumption of raw materials is based on the following action plan:

- **optimizing and maximizing recycling** of all types of excavation material, demolition debris and inert construction waste, thereby reducing the need for disposal sites and the use of quarry materials. Colas has developed indicators to track the amounts of materials it recycles in its industrial processes and compare these amounts to new materials production, rather than simply record the amount of waste disposed of (see Sections B.2 and D.1) or the amount of recycled material consumed. This decision serves two purposes: it improves data reliability and encourages the subsidiaries to invest in recycled materials production units. Rather than tracking total materials consumption, this approach focuses on measuring the amount of materials saved. This is because interpreting consumption totals is complicated. For example, some totals may increase with revenue while others decrease due to changing market conditions (such as bitumen consumption, the increasing proportion of service and maintenance activities, and the development of new activities);
- **developing new products** at Colas' R&D laboratories based on an eco-design approach that seeks to minimize the use of raw materials, particularly non-renewable resources (see Section B.2). Research is being carried out to optimize eco-friendly binders by applying the principles of "green chemistry", notably by introducing bio-sourced components, reducing temperatures and limiting greenhouse gas emissions;
- **developing and offering low-carbon alternatives.** For many years now, Colas has led the way in offering its customers low-carbon alternatives (eco-friendly designs that require fewer materials) and in developing "eco-comparators" for assessing these alternatives. In France, these efforts have culminated in the SEVE® eco-comparator, which includes a materials savings indicator. Colas played a key role in developing this software and making it available to its customers and throughout the construction industry. Low-carbon alternatives consume less energy and produce fewer greenhouse gas emissions than conventional products and techniques.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Amount of materials recycled (in millions of tons)	World	Asphalt mix and aggregate production activities, and railroad worksites	8.5	7.2
Amount of reclaimed asphalt pavement (in millions of tons)	World	Materials production activity	5	5
Number of low-carbon alternatives offered to customers	World	Worksite activities	275	243

Comments

The decrease in recycled materials production goes hand in hand with the decrease in aggregate production, which results in stability for the recycling ratio (see indicators in B2).

The number of tons of reclaimed asphalt pavement remained virtually unchanged between 2014 and 2015, alongside stable levels of total mix production (see indicators in B2).

In today's challenging economic climate, the drop in the number of low-carbon alternatives reflects the current state of the market, which becomes less open to alternatives every year. However, thanks to improved targeting of low-carbon alternatives in 2015, the proportion of greenhouse gas emissions avoided by the Group declined by only 18%, whereas the number of selected low-carbon alternatives fell 25% (see Section D.1). Colas is taking an active part in the efforts made to promote the use of low-carbon alternatives.

C.3: Energy consumption, measures taken to improve energy efficiency and the use of renewable energies

Colas' information systems are designed to allow for decentralized management, which is better adapted to the diverse range of regions and activities it covers. Energy consumption is expressed in very general terms in these systems, with no distinction between, for example, fuel purchased for machinery and electricity consumption at quarries. Some of this data is extracted from accounting data, while other information comes from production data, if only to monitor improvements in energy efficiency. To overcome this issue, the Cleanergie (Colas Lean in energy) program was launched in 2012 to provide Colas with a measuring and monitoring tool aimed at enabling all Colas activities to reduce the energy they consume at job sites, production units, buildings and supply chains. The program includes a study of some one hundred employees across a range of construction, production and quarry sites, actions to empower managers, and the creation of a steering committee of business-line experts. Some one hundred best practices and opportunities have been identified. This work revealed that the energy consumed by three types of equipment (asphalt plant burners, construction machines and vehicles) together accounted for three fourths of Colas' direct energy consumption in almost equal proportions. In 2013, as part of its Cleanergie program, Colas set about transforming its collection systems into an information network to obtain more accurate data on its energy consumption at all its locations worldwide. This collection method has been used by Xfi since 2014 and was rendered more reliable in 2015.

Colas is also focusing its efforts on:

- **measurement tools:** to assess improvements in energy efficiency, Colas must be able to measure its fossil fuel consumption, since electricity is only a small portion of the Group's total energy footprint. In order to monitor energy production and consumption by asphalt plants, a new software tool (MixManager) has been developed on the basis of work carried out by the central European subsidiaries. This energy coordination and monitoring tool, currently being rolled out across the Group, allows for real-time tracking of energy consumption and mix temperatures, with alerts sent over the Internet and to smartphones, plus reporting capabilities.

To account for and analyze consumption by nearly 50,000 vehicles and site machines across 2,000 materials production units and 800 construction business units, Colas has equipped its vehicles and site machinery with on-board consumption monitoring systems: 24% of site machines and 21% of vehicles are equipped with a monitoring system in 2015, already representing nearly one fourth of the fleet. This complex indicator points to the most substantial avenue for potential progress;

- **increasing employee energy awareness:** Colas is conducting an information campaign to get its truck drivers and equipment operators to reduce their fuel consumption by 20% by adopting eco-driving habits and switching off engines when equipment is idling. This campaign highlights the three advantages of eco-driving: it reduces costs, increases safety and helps preserve the environment. Although these advantages are nearly impossible to measure at this stage (see above), the level of commitment is clear and there is a good appreciation of the issue's importance. All continuing vocational training provided to drivers includes an environmentally friendly driving component, as well as specific training sessions on this subject developed for heavy-vehicle drivers and machinery operators. The Cleanergie program also has a good deal of support at worksites and production sites, with a growing range of initiatives and efficiency indicators.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Energy consumed per ton of mix produced (kWh per ton)	World	Asphalt mix production activities	79	80
Percentage of warm mix and low-temperature mastic asphalt (in percentage of quantity)	World	Asphalt and asphalt mix production activities	18	21
Number of tons of materials transported by rail or waterway (in millions of tons)	World	All activities	9.9	8
Total energy costs (in millions of euros)	World	All activities	–	430
Ratio of total energy costs to IAV(1) (in percentage)	World	All activities	–	3

(1) IAV (Internal Activity Volume): the purpose of this performance indicator is to establish an accounting scope reflecting direct energy consumption by Colas, in order to calculate a ratio of direct energy intensity. It is equivalent to CAE (revenue before eliminations) less operating profit margin and revenue from subcontracted work.

Comments

Colas systematically and carefully measures and monitors the fuel consumption of asphalt plant burners at more than 500 plants. This indicator was 1% lower in 2015 due to the decrease in the average tonnage per asphalt mix plant in most countries, which automatically reduces their energy efficiency.

In addition to low-carbon alternatives (see C.2), the following help achieve energy savings:

– warm mixes, which require about 15% less energy to produce than hot mixes. Warm mixes accounted for 21% of Colas' total mix production in 2015, up 3 points from 2014, a 17% increase; the most substantial advances were made by certain subsidiaries in the United States and Mainland France. All employees are ready to start expanding the use of these products across all regions, adapting production tools and conducting ongoing research to develop new technical solutions that enable lower product temperatures, all the more so given the substantial health-related benefits (see Part I – D.1);

– recycled materials, especially reclaimed asphalt pavement, which saves bitumen and aggregates and reduces production and transport costs. This improves the overall energy balance over the life cycle of the materials (see indicators in B.2 and C.2);

– in-place road recycling also saves energy by reducing the need for materials and transport (see indicators in B.2);

– for its own transport requirements, Colas uses rail and inland waterways as an alternative to road haulage. However, there is little flexibility to replace one mode of transport with another. Colas is therefore working to improve the environmental performance of each mode and achieve the best possible balance between them by proactively adopting innovative techniques. The quantity of materials transported by rail or waterway is equivalent to nearly 3,000 freight trains (with each train containing 44 freight cars), which avoids deploying some 270,000 30-ton trucks. These figures successfully withstood the decline in materials production in OECD countries. The average distance traveled (214 km in 2014, 260 km in 2015) rose 21% while the tonnage of materials transported fell 19%.

The Colas Group's total energy costs are estimated at about 430 million euros, with an uncertainty of 2%, due to differing tax treatments applied by the subsidiaries, as taxes on energy supplies are particularly complex in many countries, including France. To implement an energy intensity indicator, Colas looked at establishing a relationship between these energy costs and a relevant denominator, such as revenue or added value. This work helped to reveal the complexities involved in this regard. Selecting revenue, for example, would encourage energy-intensive business activities to be outsourced via subcontracting: revenue would remain unchanged, while direct energy consumption would go down, without actually making progress in this area. For this reason, Colas defined IAV to express the volume (in euros) of business activity that truly constitutes the basis of our energy costs. IAV corresponds to CAE less operating profit margin and revenue from subcontracted work. As 2015 was the first year for this new indicator, and its reliability therefore needs to be examined, Colas is not yet able to comment on the movement in this indicator, nor its effective relevance.

C.4: Land use

Qualitative information

Most of Colas' construction work involves the maintenance, repair or redevelopment of areas that are no longer in their natural state. The construction of new infrastructure accounts for a very modest share of revenue (estimated at less than 10%), and Colas often has no control over how land is used since the land for its projects (including concessions and public-private partnerships, or PPPs) is made available by its customers. With respect to its worksites, Colas therefore rarely has a direct impact on land use, as the land take of its activities is determined by the project owner.

All quarry and gravel pit sites are restored when they are shut down and many are progressively restored while still being operated. In addition, the amount of materials recycled is equivalent to the production of 16 Colas quarries and gravel pits throughout the world.

Photovoltaic power generation is considered one of the main renewable energy solutions under the global energy transition, but it requires vast available surfaces exposed to the sun. This problem is particularly acute in densely populated OECD countries: roof surfaces alone are not enough to produce the power levels required, and solar farms, although highly efficient, run up against issues of competition for land use (agriculture, natural spaces, landscapes). With its innovative Wattway solution (see D.1 below), Colas is paving the way for the construction of solar energy-generating roads, offering access to a sizable surface area, with the potential to meet most of a country's needs in terms of solar power.

D. CLIMATE CHANGE

D.1: Greenhouse gas emissions

Indicators

Name of indicator	Scope	Coverage	2014	2015
Greenhouse gas emissions (in millions of tons of CO_2 equivalent)	World	All activities	12	12
Greenhouse gas emissions per ton of mix produced (in kilos of CO_2 equivalent per ton)	World	Asphalt mix production activities	18	19
Carbon intensity (in kilos of CO_2 equivalent per euro of revenue)	World excluding Canada and the United States	All activities	1	1
Carbon intensity (in kilos of CO_2 equivalent per US dollar of revenue)	Canada and the United States	All activities	1	1
Greenhouse gas emissions avoided by the Group's actions (in tons of CO_2 equivalent)	World	All activities	77,000	105,000

Comments

In 2015, there was no significant change in the Group's CO_2 levels, taking into account the uncertainty inherent in calculating the carbon footprint. To calculate its carbon footprint, Colas observes scope 3.a of the ISO 14064 standard and the guidelines of the GHG Protocol. The scope of calculation includes activities that are upstream from its business operations. The impact of road traffic on the infrastructure that Colas maintains or builds is considerable, non-quantifiable and beyond Colas' control. Therefore, scope 3.b has not been applied.

This calculation necessarily involves a margin of uncertainty (over 20%), particularly for scope 3.a, due to discrepancies between national and international data, the difficulty of estimating carbon costs related to certain suppliers and subcontractors, and data collection and conversion issues, etc. Consequently, the carbon footprint is a good tool for ensuring order of magnitude, but it cannot be considered a reliable indicator for monitoring annual performance, given these factors of uncertainty.

The breakdown by scope of Colas' carbon footprint may be estimated as follows:
- scope 1: 1.7 million tons of CO_2 equivalent;
- scope 2: 0.1 million tons of CO_2 equivalent;
- scope 3a:9.7 million tons of CO_2 equivalent.

Although the carbon footprint cannot be used to assess a reduction in greenhouse gas emissions based simply on a comparison of annual results, the greenhouse gas emissions avoided by specific actions to reduce them can be more accurately measured. Colas reduces GHG emissions in two ways:

• by reducing the amount of energy it requires for its operations and the GHG emissions these operations generate. This involves improving energy efficiency (see C.3 above) through actions that aim to:

– manage fuel consumption by site machines and vehicles; this has included introducing systems that measure fuel consumption and raising drivers' and operators' awareness of the need to adopt eco-driving practices and switch off engines when equipment is idle,

– measure and reduce the amount of fuel consumed by asphalt plant burners. Fuel consumption per ton of asphalt mix produced is monitored worldwide;

• by reducing the energy and GHG content of the products and techniques that Colas offers its customers. To reduce its carbon footprint and that of its customers, Colas pursues an active R&D and innovation policy to develop alternative solutions that help preserve the environment. Below are some examples:

– warm mixes and mastic asphalts: mixed at temperatures that are tens of degrees lower, these products reduce energy consumption by 10% to 30% while reducing emissions of bitumen fumes by 70% to 90%,

– in-place road recycling: this technique reduces greenhouse gas emissions by saving materials production and transport,

– recycling RAP and bitumen: recycling old asphalt pavement enables the recovery of bitumen, which is made from petroleum, a limited natural resource. In 2015, the Colas Group recycled 250,000 tons of bitumen, the equivalent of the annual bitumen production of a medium-sized refinery,

– Vegeroute® products (e.g. Vegecol® plant-based binder, patented in 2004; Vegeflux® fluxing agent, patented in 2006; Vegemark® road marking paint, certified in 2010; Ostrea®, a hot road marking product certified in 2006; Ekoflux®, a plant-based bio-fluxing agent which entered the development phase in 2014). Developed in Colas' R&D laboratories, these products contain plant-based materials instead of petroleum-based components. These plant-based materials not only serve as carbon sinks but also enable lower production and application temperatures, and can even reduce overall materials requirements in some cases,

– Colas has developed EcologicieL®, the first software tool for calculating and selecting low-carbon alternatives for road building projects, and has also played a key role in developing the SEVE® "eco-comparator" which is used throughout the road construction industry in France and provides customers and contracting authorities with an approved and common framework for selecting low-carbon alternatives. The number of low-carbon alternatives selected by customers in 2015 declined 25% from its level in 2014, whereas the tonnage avoided declined to a lesser extent (18%). A total of 6,000 metric tons of CO_2 emissions were thus avoided in 2015. Recycling bitumen recovered from demolition or resurfacing materials is currently the main means of reducing CO_2 emissions (94,000 tons of CO_2 equivalent in 2015). In most countries, low-carbon alternatives cannot be proposed in public contracts, with the exception of France, where they are less and less frequently proposed and are rare in private markets due to the growing rigidity of purchasing processes. Colas is working to promote these products internationally, which has proven difficult within the current economic context faced by project owners. Nevertheless, a project subsidized by the European Union is currently under way, under the aegis of USIRF, a French road industry association, in which Colas and its subsidiaries are playing a major role,

– Wattway: a major innovation in the road sector, the fruit of five years of research and development by teams at Colas. In partnership with INES, the French national institute for solar energy, Colas is charting new territory with an innovative technique that gives roads a new function alongside their traditional use: locally producing clean, renewable energy. The principle behind Wattway involves gluing specially designed solar panels directly to road surfaces, without requiring any civil engineering work. These panels are only a few millimeters thick and are able to withstand vehicle traffic in complete safety (including heavy trucks) while generating electricity. Wattway will be able to power public lighting, illuminated signs and trams as well as homes, offices and more. By way of example, one kilometer of surfaced road can generate enough electricity to light a town of 5,000 inhabitants.

In 2015, the quantity of greenhouse gas emissions avoided by the Group's actions improved, rising from 77,000 to 105,000 tons of CO_2 equivalent, due to a lower impact on energy efficiency of asphalt plants experiencing a decline in production, the increase in the production of warm mixes, and the tripling of the use of plant-based fluxing agents.

Colas facilities concerned by the European Union's greenhouse gas quota system fall into two categories: a portion of the asphalt plants (as combustion facilities higher than 20 megawatts) and Société de la Raffinerie de Dunkerque (SRD). The asphalt plants in question are located in Belgium (five plants), Denmark (five plants), and France (14 plants). Compared with other manufacturing facilities concerned by this system, asphalt plants are minor CO_2 emitters. For example, the 14 French plants represent a total of 21 thousand tons of CO_2 for a production of about one million tons of asphalt mix. SRD is an atypical site in the refining industry because it does not manufacture the full range of petroleum products and it operates in industrial ecology mode for a portion of its energy; SRD was a net seller under emissions quotas in 2014 after running virtually at equilibrium in previous years. Colas SA purchased a total of 26 thousand tons of CO_2 on behalf of its subsidiaries in 2014 for a cost of about 170,000 euros. Figures for 2015 will only become available in the first quarter of 2016 due to the current uncoupling of allocations and the development of the carbon market.

D.2: Adapting to the consequences of climate change

Qualitative information

Given the nature of Colas' operations, adapting the infrastructure it builds or maintains to account for the impact of climate change depends on the standards observed by its customers and their specifications.

With worksites and production sites around the world, Colas has acquired in-depth knowledge of the particular constraints of designing and building infrastructure in harsh climates. This includes regions with very hot and dry climates (such as southern Morocco and western Australia), with extremely high rainfall (French Guiana and Caribbean, and the Indian Ocean region) and with extremely low temperatures (at high altitudes and in Canada, Alaska and Greenland). This experience enables Colas to advise its customers concerning their policies for adapting to climate change, whenever possible. For example, in 2009, Colas developed a low-carbon alternative made with Colclair® binder to better reflect heat while resurfacing a road in Dawson (Yukon, Canada), where the permafrost ground is threatened by increasing temperatures due to climate change. This expertise was once again in demand for work done on Iqaluit Airport under a public-private partnership signed at the end of 2013 in Nunavut (Canada).

E. PROTECTING BIODIVERSITY

E.1: Steps taken to preserve or develop biodiversity

Indicator

Name of indicator	Scope	Coverage	2014	2015
Percentage of CAE from aggregate production activities that take action to promote biodiversity (in percentage of CAE)	World	100% of CAE of permanent aggregate production activities	38	41

Comments

After analyzing its activities' direct impact on biodiversity, Colas decided to focus its action on quarries and gravel pits.

This action consists in:

– setting up and monitoring a process to promote and facilitate the presence of a protected animal or plant species at the site and the living conditions it requires;

– or installing beehives at the site.

Action must be conducted in partnership with local stakeholders (beekeepers, naturalists, natural park authorities, NGOs, etc.) and communicated to local communities through an educational awareness-raising campaign.

Around 90 protected species currently live at the Group's extraction sites, in addition to some fifty sites that are home to beehives. Real progress has been made since this policy was deployed in 2012, on the occasion of Colas' Environmental Convention. This effort remains varied according to cultural contexts, enjoying strong support in France but less in the United States, for example. This indicator showed an 8% improvement in 2015, driven by road construction subsidiaries in Mainland France and central Europe.

Trials are also under way to have Colas work crews systematically integrate a process for dealing with invasive plants, as a growing number of subsidiaries around the world are tackling this issue.

In Madagascar, since December 2008, Colas has offered an educational and awareness-raising program on protecting biodiversity, providing its support to a private lemur reserve and a botanical garden. Thanks to this program, 23,500 children and 750 teachers have learned about the importance of their country's natural heritage, particularly the protection of lemurs through habitat conservation. Colas Madagascar also makes its trucks available to participate in reforestation efforts on the island.

Also notable was the Colas Group's commitment to the Lengguru 2014 scientific expedition, a patronage initiative carried out by the IRD (French Institute of Research for Development) in partnership with the Indonesian Institute of Sciences (LIPI) and the Sorong Fisheries Academy (APSOR). The aim of this expedition was to inventory and study biodiversity in forests, underground and in the sea using an approach that focused on the impact of environmental factors on the adaptation and evolution of different species. The scientific exploration was conducted in a particularly rich, unexplored area of Indonesia's Papua province, which gave rise to the discovery of a number of new species (scientific publications are in preparation). Films are in production in 2015, due to be aired on Arte and Ushuaïa TV, and a traveling exhibition will be held starting at the beginning of December and lasting until the end of 2016, opening in the South of France before moving on to Paris and Jakarta (for more information about the expedition, visit www.lengguru.org). Colas aims to ensure that all of its actions to promote biodiversity (including Lengguru) have an educational component targeting the general public, such as lecture series, school projects and initiatives geared to younger audiences. This is important because the challenges of biodiversity will only find genuine solutions once people have embraced them as their own, on a local and global scale.

Lastly, Colas is one of the few companies to be part of the FRB (French foundation for biodiversity research)'s strategic steering committee.

III – INFORMATION ON CORPORATE SOCIAL RESPONSIBILITY COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

Colas cares not only about reducing the negative impacts of its activities, but also about expanding its positive impact on a large scale. Among the concrete actions that Colas has implemented over time are:

– its road safety policy to prevent road accidents: Colas' commitment in this area is reflected by the renewal on a regular basis since 1997 of a road safety charter signed with the French government and CNAMTS, the French national health insurance fund for salaried employees, as well as a similar charter at the European level. "Road Safety Officers" are specially trained employees who implement an accident prevention program in the field based on the code of best practices issued by the French government's road risk prevention committee. This policy not only helps Colas improve the road safety record of the Group's drivers (see Part I – D.3), but also benefits their families and friends (sharing of best practices) along with all other road users;

– its employee first-aid training policy, in place since 2006: Colas places a major emphasis on first-aid training, both in France and abroad. Today, more than a third of Colas employees have learned life-saving techniques (see Part I – D.1). This training benefits employees as well as everyone around them, including their families and friends.

Because the Group's activities are decentralized, Colas is involved locally through community outreach activities, particularly with regard to work, local partnership initiatives, corporate patronage, and in terms of local dialog (see Part III – A.2).

Corporate social responsibility indicators:

III – A2: Percentage of CAE from materials production activities with an organization for local dialogue.

III – B2: Corporate patronage: Cash donations; Donations in kind.

A. REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITY

A.1: With regard to employment and regional development

Qualitative information

The Group has an impact on employment and regional development through:

– its network of long-standing local operating units which is at the heart of the Group's strategy, in business lines where proximity to the customer is key;

– its 57,000 employees, in businesses where the jobs are local and not liable to be relocated;

– the construction of transportation infrastructures that promote the economic development of regions.

The Group contributes to employment and development of the regions where its operations are located through a number of actions, including:

– in Mainland France: in 2014, the signing of a national partnership agreement with the CNCE-GEIQ (French national committee for coordinating and evaluating groups of employers that promote workforce integration and vocational training) underscored Colas' commitment to combating discrimination in access to employment. This agreement is intended to be adapted into regional agreements signed between Colas Group subsidiaries and the employers' groups responsible for each region. These regional agreements will enable the subsidiaries to strengthen their partnerships with employers' groups, particularly by developing shared tools (standard procedures for career discovery, model for assessing the skills and experience gained by an employee, model agreement governing the provision of staff or model procedure for staff orientation and guidance). Two regional agreements have been signed so far: one by Colas Rhône-Alpes Auvergne and the other by Colas Centre-Ouest. In 2015, building on initiatives launched in 2014, workshops on how to approach social responsibility clauses were held at Aximum, while a partnership agreement was signed between Colas Est and several employers' groups.

To facilitate access to employment for individuals who face difficulties finding work, Colas also continued holding workshops on how to approach social responsibility clauses in procurement contracts, which took place on the regional level at subsidiaries. These half-day workshops are aimed at business unit managers, assistant operations managers, engineering office managers and human resources managers. They bring in entities specialized in integration through employment (facilitators and representatives of the Adecco employment network and employers' groups) and aim to implement lasting employment solutions.
In recognition of all these actions taken to support individuals who face difficulties accessing employment, in June 2014, Colas was awarded the US Embassy in France's Washburne Award for Innovation in Diversity;

– outside France, many initiatives have been implemented across all the Group's companies; in Madagascar, for example, since December 2008, Colas has offered an educational and awareness-raising program on protecting biodiversity, providing its support to a private lemur reserve and a botanical garden. Thanks to this program, 23,500 children and 750 teachers have learned about the importance of their country's natural heritage, particularly the protection of lemurs through habitat conservation. Colas Madagascar also makes its trucks available to participate in the reforestation of the island.

A.2: With regard to resident and local populations

Colas manages a large number of production sites for construction materials (aggregates, ready-mix concrete, asphalt mixes, bitumen, emulsions, and others). The acceptance of these sites, particularly by local residents, is an increasingly sensitive topic throughout the world. Issues include concerns of nuisances (odors, dust, traffic, noise) and risks of environmental or health impacts. The Colas Group has identified community acceptance as one of its strategic challenges for Responsible Development and has initiated action plans focused on two key priorities:

– exemplary production sites: each site must implement progress measures that go beyond mere compliance with administrative or regulatory requirements. Obtaining environmental certification is the preferred approach (under ISO 14001, for example). Progress measures are documented and assessed using a system of checklists covering most of the Group's activities in the production of construction materials worldwide. This approach is part of the internal control of operations and covers some 2,000 Colas production units around the world (see indicator in A.1 on the percentage of materials production activities that use environmental certification and/or Colas checklists to manage environmental impact);

– dialogue initiatives with neighboring communities, local governments and the relevant authorities: maintaining an open dialogue with local communities makes it possible to better understand their expectations, explain the reality and constraints of production sites, and promote mutual understanding to prevent crisis situations.

In developing countries where it established operations many years ago (in Madagascar, West Africa and central Africa, in particular), Colas is involved in health initiatives (to fight AIDS, intestinal infections, and malaria in particular) that cover employees, their families and local village populations. One of these programs has been run in cooperation with the International Labor Organization for several years.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Percentage of CAE from materials production activities with an organization for local dialogue (in percentage of CAE)	World	100% of CAE of materials production activities	34	30

Comments

A local dialogue indicator was introduced in 2006 to measure the extent of this dialogue with local communities, local elected officials, and the competent government agencies. In 2015, the 11% decline in this indicator reflects mixed trends: a steep decrease in Canada, Oceania and in Specialized Activities, particularly Smac, and to a lesser extent in Mainland France. An action plan will be launched in 2016 to address the decline in this indicator.

B. RELATIONSHIPS MAINTAINED WITH PERSONS OR ORGANIZATIONS HAVING AN INTEREST IN THE COMPANY'S ACTIVITIES

B.1: Conditions of the dialogue with these persons or organizations

Indicators and comments

Please refer to Section A.2.

Beyond the local relations described in Section A.2, issues related to relations with Colas Group stakeholders can be challenging to resolve, given the diverse range of business activities and regions across which the Group operates. In line with Colas' values and culture, stakeholders are generally dealt with through decentralized management, except when it comes to subjects that may merit a global approach.

Regarding this last point, the issue of bitumen fumes (see indicators and comments in Part I – D.1) deserves to be highlighted, since Colas has been a driving force in the construction industry when it comes to mounting a dialogue with the scientific community and joint organizations, on both the French and international levels.

B.2: Partnership or patronage initiatives

At the local level, corporate patronage initiatives are decided upon and managed by the subsidiaries and their operating units. These initiatives mainly involve sports-related sponsorships and cultural or humanitarian patronage.

The Colas parent company's patronage policy focuses on four main areas:
– cultural patronage: the Colas Foundation (commissioning paintings from artists on road-related themes), Colas on Stage (support for dance and music festivals);
– solidarity patronage: Colas Life (support for educational assistance initiatives);
– skills-sharing patronage (2013-2016: rehabilitation of pathways around the Château de Chambord);
– scientific patronage: Lengguru expedition, ChemSud Foundation.

Since 2014, an IT tool has been used to collect data on the Group's corporate patronage initiatives in France and abroad. All the information collected and validated using this tool is automatically transferred to Xfi for consolidation purposes.

Indicators

Name of indicator	Scope	Coverage	2014	2015
Cash donations (in millions of euros)	World	100% of CAE of all activities	3.26	4.3
Donations in kind (value in millions of euros)	World	100% of CAE of all activities	0.65	0.19

Comments

The significant decline in donations in kind is related to the completion of the skills-based sponsorship operation in support of the Château de Versailles, and the upcoming completion of the one put in place with the Château de Chambord.

The 24% increase in cash donations for the 2015 reporting period is explained by the following movements:
– Amico subsidies (association of former Colas employees) in two consecutive years (October 2014 and February 2015) for a total amount of 260,000 euros;
– the increase of about 25,000 euros in amounts rebilled to Colas by the *Fondation d'Entreprise* Francis Bouygues;
– the 26% rise in the total corporate sponsorship amount in Hungary due to a tax incentive for these types of initiatives.

C. SUBCONTRACTING AND SUPPLIERS

C.1: Taking into account social and environmental challenges in the purchasing policy
C.2: Importance of subcontracting and taking into account the social and environmental responsibility of suppliers and subcontractors in relationships with them

Qualitative information

Colas' Responsible Purchasing approach is designed to be cautious, gradual and targeted, considering the large number of suppliers, service providers and subcontractors as well as the decentralization of purchasing decisions to subsidiaries, and is part of the overall purchasing process put in place in 2015 at Group level.

Several principles underpin this approach:

– identifying suppliers, service providers and subcontractors who have made commitments to respect the principles of responsible purchasing (members of the Global Compact program, BITC [Business in the Community], BSR [Business for Social Responsibility], etc.) or who have received a published satisfactory rating in their field (companies rated by indexes such as the DJSI, FTSE4Good, etc.);

– developing a purchasing process that integrates the separation of powers as well as the issue of corporate ethics;

– laying down guidelines geared to each purchasing category to promote the use of local suppliers and subcontractors and, where possible, companies that employ people with disabilities;

– training buyers in responsible purchasing principles;

– identifying major specific risks for non-responsible purchasing within any of the ten major purchasing categories in use at Colas and in each subsidiary, in the form of a mapping of risks.

The project to develop the Group's new work uniforms, launched in 2013, is a significant example of the vigilance exercised by Colas in its relations with its suppliers and service providers. Intended to be worn by 30,000 of the Group's employees, these uniforms are Fairtrade-certified by Max Havelaar and made of organic cotton fiber produced in Mali and grown without any GMOs or dangerous pesticides. The cloth was produced in European ISO 14001-certified factories, and the dyes used are OEKO-TEX® Standard 100-certified. The uniforms were produced in workshops in North Africa whose working conditions were checked by SGS during CSR audits (12 audits were carried out). These textile workshops were also certified by Flocert. In 2014, Colas received several awards for its work uniforms, including the *Trophée des Achats* in the Responsible and Sustainable Purchasing category and the *Janus de l'Industrie* seal of approval. Several actions were carried out in 2015:

– the improvement of existing models based on feedback from users;

– the creation of a line designed specifically for female body shapes;

– roll-out to international locations, in particular Morocco and Madagascar, taking into account feedback from worksites and the improvements made since the first run of uniforms.

D. FAIR TRADE PRACTICES

D.1: Anti-corruption actions

Qualitative information

For many years, guidelines have been established and disseminated to promote compliance with business ethics and standards of integrity. These have been included in a brochure and summarized on the first page of the management principles and Code of Ethics brochure issued to employees by the Bouygues Group (to which Colas belongs). At the end of 2014, this code was supplemented by a compliance program built around four topics (competition, conflicts of interest, preventing corruption, and financial disclosures and stock market transactions). The Ethics and Corporate Sponsorship Committee was expanded to include two independent Directors.

Given the considerable decentralization of the business lines and the very large number of staff members in a position to enter into contracts, particularly with public-sector customers, the risks associated with business ethics cannot be ruled out with complete certainty. It is for this reason that training focused in particular on compliance programs, refresher courses, controls and reporting are implemented on a regular basis, according to programs that aim to cover all of the subsidiaries. The main actions carried out relate to:

– further training sessions on business ethics, including compliance programs for certain subsidiaries in France. Depending on the subsidiary, this training is offered to regional managers, heads of profit centers or operating centers, assistant operations managers, works managers, sales representatives, or administrative staff. Regular reminders on this subject are provided at all subsidiary meetings in France and abroad, including executive committee and senior management meetings, and at Group level;

– in the United States, the development of the ethics program "The Right Turn" continued in 2015, with the dissemination of its new code of conduct developed in 2014 to all subsidiaries, complementing local training programs. Training sessions for managers and worksite supervisors were also held on the topic of fraud in public-sector contracts. E-learning sessions were also held on a range of topics, including fraud and conflicts of interest;

– in Canada, a third version of the ethics training course was prepared and finalized in 2015. The course is structured around a series of questions, case studies and group discussions, and was taken by about 670 employees.

Beginning in 2016, the compliance program will be rolled out gradually to complement the Code of Ethics adopted in 2006.

D.2: Measures taken to promote consumer health and safety

Qualitative information

The Group's end customers are the users of the infrastructures that it builds or maintains. In this area, Colas has very limited freedom to modify its products and its projects since, in most of the countries where it operates, it is prohibited from proposing alternatives to the basic solution described in public tenders. In France and several other European countries, however, it is possible to propose modifications, albeit often limited ones and only for certain contracts.

With the exception of safety issues, transportation infrastructures do not present any direct impact on or risk to the health of users.

Group R&D works in a number of areas to respond to road safety challenges, in particular:

– producing a range of high-performance surfacing that provides better tire grip (textured and/or draining products to limit skidding effects in rainy weather);

– improving visibility (work on road markings in cold or wet weather and at night);

– manufacturing road safety equipment (Aximum safety and signaling subsidiary).

In order to reduce noise from road traffic, Colas offers noise-reducing mixes and has developed a noise barrier (see Section B.3). This product range has received many prizes in France and abroad.

D.3: Other actions initiated regarding information relating to corporate social responsibility commitments to promote human rights

Qualitative information

In article 2 of its Code of Ethics, the Bouygues Group, to which Colas belongs, commits to complying with the United Nations' Universal Declaration of Human Rights and the fundamental conventions of the ILO (International Labor Organization) (see Part I – G).

The Colas Group operates in more than 50 countries across five continents, and follows a business model centered on permanent operating units that employ local staff. Colas is committed to hiring locally everywhere in the world and as a result has very few expatriate employees: around 400 originating from some twenty countries, out of a total of 23,000 employees outside France. Relying on local staff and treating employees with respect are part of preserving human rights.

In France and on the international level, the Colas Group is committed to respecting laws and regulations, including the Universal Declaration of Human Rights, and carries out internal audits to verify that it is not complicit in any human rights violations. There is no indication that Colas is particularly exposed regarding this issue. As it mainly operates in OECD countries, where it carries out around 90% of its activity, Colas has virtually no presence in countries listed as at-risk regarding these issues. Furthermore, its vertical integration policy automatically protects it from a systematic reliance on external purchasing and subcontracting.

The field of purchasing and subcontracting is often considered an at-risk subject. Colas is in a special position because the nature of its activity does not allow for outsourcing (concrete and asphalt mix cannot be produced or applied in one country for an infrastructure located in another country). Purchases made in at-risk countries are completed by Colas teams located in those countries; their local presence and management systems enable these teams to limit the risk of working with suppliers that may violate human rights.

The Audit Department is instructed to issue a warning if a problem of this nature is detected during an audit, even if no complaint is triggered. In 2010, an audit and rating report produced by the BMJ ratings agency did not identify any particular weakness regarding these issues.

Risks – Exceptional events – Disputes

Measures to evaluate, monitor and mitigate risks related to the specific nature of Colas' businesses have for many years been among the Group's essential management principles, applied at the most suitable level to ensure appropriation. The Group's decentralized organization remains the key to risk management.

Corporate-level risk assessment and the overall policy with respect to risk are managed mainly on the basis of feedback received via the Group's reporting system or, conversely, the dissemination of best practices. However, the subsidiaries and profit centers are responsible for dealing with, controlling and monitoring their own risks. The formal listing and analysis of major risks are carried out once a year by the executive operational management teams. This risk mapping is presented in the form of a categorization of the main risks affecting the achievement of operational, financial and strategic objectives. This analysis is used to develop action plans designed to mitigate the risks thus identified. It is supplemented by a risk prevention policy founded upon monitoring claims and losses, an analysis of the phenomena of causal relations, and feedback. Corporate-level coordination and organization using reporting tools ensure that the different types of risk can be identified and analyzed effectively, also centralizing feedback so that best practices may be communicated to subsidiaries, while contributing to the development of a risk prevention policy and appropriate preventive actions.

RISKS ASSOCIATED WITH SECTORS OF ACTIVITY AND MARKETS

In particular, Colas' business activities and results are exposed to the following risks:

– changes in the macroeconomic environment of the Group's main markets (France, Europe, North America), which can have an impact in terms of business volumes, competitive pressures and price levels;

– changes in public-sector procurement, since about 59% of the Group's business involves public-sector customers (especially local and regional authorities in France), and in the ability of these customers to finance their projects. Rising budget deficits, the state of public finances in many countries, the resulting austerity measures and, in France, the drop in state contributions to local governments, all compound this risk. Furthermore, administrative and political considerations can also influence the volume of public contracts whether due to difficulties in reaching consensus on budgets, elections, community aggregation plans or changes in leadership for government agencies, which may result in the postponement or cancellation of infrastructure projects that had been previously approved or were under consideration.

However, these risks are attenuated by the large share of Group business in the maintenance of infrastructure, which is vital to the mobility of both people and goods, and hence to the economy as a whole, by the broad geographic distribution of operating units, by the wide range of business activities pursued by the Group, by the large number of projects and by the Group's capacity to bid on complex contracts.

CREDIT OR COUNTERPARTY RISK AND COUNTRY RISK

With operations in over 50 countries, Colas is exposed to various risk factors attributable to the specific countries where it operates. However, the Group's exposure to country risk is in fact low, as 93% of its business is conducted in Europe, North America (the United States and Canada) and Australia. Moreover, as most of the Group's revenue is derived from public-sector customers, such as national governments or local and regional authorities, with many small-scale projects with low contract value, the risk of non-payment is also low. Business conducted in high-risk countries carrying low ratings assigned by international organizations or credit insurance firms is limited to contracts whose financing is provided most often by multilateral lending institutions (European Development Fund, World Bank, etc.).

Given the large number of customers across a wide network of businesses in road construction, waterproofing, safety, signaling, traffic management, and construction materials (including many private-sector customers as well as local authorities), the risk of significant counterparty risk is low. With respect to railways, a substantial portion of business is conducted with state-owned companies or state agencies with responsibility for rail infrastructures. In the private sector, a preliminary analysis of the customer, supplemented through the use of credit insurance wherever possible, limits this risk. The largest risks can be quantified using statistical analysis, accurate within the range of several hundred thousand euros. The financial crisis, by increasing these risks, has resulted in reinforced procedures prior to the signing of contracts and the launch of construction work.

RISKS RELATED TO RAW MATERIALS

Colas is affected by the regularity of its supply and fluctuations in the cost of petroleum-based raw materials in its road construction business (bitumen, fuel, heating fuel and gas, oils), and other raw materials such as steel, copper or aluminum, which are used in the safety and signaling, waterproofing, and railways businesses. Bitumen and other petroleum-based products are the raw materials most associated with this type of risk.

SUPPLY RISK

Delays or disruptions in the supply of these materials may result in additional direct or indirect costs for the road construction or waterproofing businesses. This is not a systemic risk, except in the case of armed conflict or a complete breakdown in the supply of petroleum, and may affect a given country, or more likely a region, for periods of varying length. This is why Colas created a Group bitumen management division several years ago and bitumen management divisions in some major geographical zones (North America), for the purpose of reinforcing supply capacities (quantity supply agreements, imports). Colas has thus focused on developing storage capacity in Mainland France, in Europe, in French Overseas Departments, in the Indian Ocean and, on a larger scale, in North America. The risk related to additional temporary or potential closures of refineries in Mainland France has been greatly reduced since 2013 with the general drop in bitumen consumption in France and neighboring European countries, although this risk may remain present in certain regions in North America or Africa.

RISK RELATED TO PRICE CHANGES

The price of bitumen has varied widely for quite a few years now. The risk associated with this volatility is limited by several factors, such as the number of contracts and the average contract amount, which often allow the price to be anticipated in the bid to the customer, and revision and indexing clauses included in many contracts in France and abroad. This risk is considered in the context of contractual negotiations by staff members well versed on this issue. In some regions, supply contracts may be signed at guaranteed prices for a given period. For major contracts, the Group may enter into hedging arrangements on a case-by-case basis when the order is received. However, a portion of the Group's business is affected by rising bitumen or petroleum prices, such as the sale of manufactured goods to third parties, in which case the price increases are passed on to the customer, where the competitive context permits.

Given these factors, it is impossible to measure the sensitivity of operating results to price changes for raw materials due to the thousands of contracts executed in different legal and protective contexts, and also with price increases differing across geographic regions.

Lastly, there is also an indirect risk in the event of a rise in the price of these products for customers who, due to the resulting increase in the price of work or services, may lower the volume of orders placed.

LEGAL RISKS

COMPLIANCE RISKS

Colas' business activities tend to involve a large number of contracts (more than 100,000 per year) as well as the decentralized negotiation and execution of these contracts (800 construction business units and 2,000 material production units around the world). Apart from regulations applicable in all cases (anti-trust and competition law, criminal law, etc.), most of the contracts awarded by public or private contracting authorities are subject to specific regulations, whether on a national or international level. Due to this proliferation of contracts and its decentralized management approach, Colas inevitably runs the risk of non-compliance with legal requirements, particularly in the area of anti-competitive practices or corruption, despite a vast array of upstream preventive measures (information, training programs, charter, etc.) and downstream penalties. The Code of Ethics has been supplemented by compliance programs being implemented starting in fiscal year 2015. These risks, which may lead to financial penalties for the company involved (e.g. those imposed by anti-trust authorities), might also entail criminal or civil liability, or result in a loss of market share (by prohibiting bidding on certain contracts) or a loss of reputation. The likelihood and potential severity of this risk are difficult to measure.

SIGNIFICANT LEGAL DISPUTES AS OF DECEMBER 31, 2015

Group companies are involved in litigation or disputes that form part of the normal course of their business. Risks are assessed and financial provisions are set aside using a method consistent with that used in previous years, based on feedback and analysis by the Group's legal department and legal advisors. To date, to the best of the Company's knowledge, no exceptional events or disputes are likely to significantly impact the activity, assets, earnings or equity of the Group as a whole. Detailed information on the main ongoing legal disputes involving the Group is provided below.

Hungarian Competition Authority cases and damages and interest claimed in connection with this dispute in Hungary

Between 2004 and 2012, the Hungarian Competition Authority found that some ten Hungarian companies, including Colas subsidiaries, had infringed competition rules by engaging in price-fixing practices for public works contracts. The penalties have been paid and all appeals have been rejected.

In the aftermath of these various decisions, claims for damages have been brought against certain Hungarian companies controlled by Colas subsidiaries in Hungarian courts by several companies alleging they were harmed by these price-fixing practices. Two cases ended with the court's irrevocable decision to dismiss said claims.

URSSAF audits

In late 2009, URSSAF (the French labor inspectorate) notified Colas of an adjustment to exemptions affecting social security contributions allowed under the TEPA and Fillon laws for the 2006-2008 fiscal years. URSSAF requested the payment of all social security contributions covered by these exemptions, from the very first euro, in the form of a lump-sum tax, on the grounds that the Group companies concerned had failed to supply the necessary information in support of these exemptions in electronic form. The submission of this information in electronic form was deemed mandatory by URSSAF, in its interpretation of the French Social Security Code. Colas and its subsidiaries consider that the conditions for lump-sum taxation as provided for under article R. 242-5 of the French Social Security Code are not met, as the supporting documents necessary for verification were submitted in a timely fashion, and since the format in which these were supplied enabled them to be used. The amount attributable to this adjustment, including late payment penalties, is estimated at 54.9 million euros as of December 31, 2015. This dispute has been referred to the Social Security courts.

Tax-related dispute in Canada pertaining to technical assistance invoiced by Colas to its subsidiaries Colas Canada Inc. and Sintra Inc.

The Canada Revenue Agency has challenged the deductibility of technical assistance expenses invoiced by the Colas parent company to its subsidiaries Colas Canada Inc. and Sintra Inc. for the 2004-2012 fiscal years (only for 2004 for Sintra), due in particular to the excessive amount and insufficient documentation of these expenses. The amounts in question for this period come to about 66.2 million euros. This includes an amount related to the presumed refusal of the deduction of technical assistance expenses for 2013 to 2015 as well as interest and penalties as of December 31, 2015. The fiscal years for which notices of assessment had been received were addressed through the out-of-court settlement procedure under the tax treaty between France and Canada.

City of Portsmouth (United Kingdom)

Over the course of 2014, in the context of the performance of the Private Finance Initiative (PFI) contract entered into with Ensign (a company indirectly held by Colas SA and Colas Limited) for which Colas Limited is a subcontractor, the City of Portsmouth signaled a certain number of non-compliance issues. These non-compliance issues could have led to the contract being terminated. Ensign contested the merits of these non-compliance claims and considered the city to be in breach of contract. Ensign then invoked the contract's dispute resolution clause. The expert appointed pursuant to the contract has decided that the claims of non-compliance were unjustified. The judge who subsequently dealt with the matter confirmed this expert's decision. A dispute remains between the parties concerning the method used to verify road condition.

Civil complaints in Quebec in respect of alleged fraud and fraudulent tactics in public contracts

The province of Quebec issued a law in 2015 to enable the recovery of amounts improperly paid under public contracts due to fraud or fraudulent tactics. This law provides for a two-year voluntary reimbursement program that came into effect on November 1, 2015.

Under this new law, on June 16, 2015, the City of Laval sent the subsidiary Sintra a formal demand for the payment of 5.7 million Canadian dollars (4 million euros), to which Sintra responded with several arguments in its defense to be taken into consideration.

On November 2, 2015, the City of Montréal also served Sintra with formal notice that if it did not participate in the voluntary reimbursement program, legal action would be taken to obtain compensation from Sintra.

INDUSTRIAL AND ENVIRONMENTAL RISKS

FIRE, EXPLOSION AND ACCIDENTAL POLLUTION RISKS

Exposures to this category of risk, which vary depending on the size of sites and the nature of business activities pursued, are not considered to be significant for most of the Group's industrial sites, given their relatively small size. However, these sites are kept under regular surveillance to reduce the likelihood of risk events and are subject to such requirements as fire permit procedures and infrared thermography audits of thermal and electrical equipment, in addition to preventive maintenance actions. The larger sites, or those with greater exposure due to the nature of their business activities, are handled using specific procedures (e.g. the Axter site at Courchelettes, which produces waterproofing membranes, and the SRD site at Dunkirk, which produces bitumen and other refined products): over and above regulatory requirements, they are monitored in collaboration with the engineering departments of their insurance companies, which issue risk prevention recommendations.

Appropriate insurance coverage has been provided for all sites.

In addition, some of the Group's production sites might be responsible for accidental pollution (pipe breakage or defective storage installations), despite the fact that the installations are designed and subject to maintenance procedures intended to prevent the occurrence of such events (e.g. storage bins). Given the large number of sites and their relatively small size, combined with the effective management of these risks, it is expected that any incident of this type would be limited in scope and not material at the Group level.

ENVIRONMENTAL RISKS

CO_2 emissions

The production processes of the Group's industrial installations result in CO_2 emissions. In 2015, most of these installations were not subject to emissions quotas, with the exception of SRD, certain asphalt plants in Denmark and Belgium, and some fifteen plants in France which have been subject to emissions quotas since the beginning of 2013. Some of these plants will need to buy emissions rights in the market. Emissions declarations for these installations are verified on a yearly basis by approved auditing firms. The possibility that emissions quotas will be extended to an increased number of installations cannot be completely ruled out.

With respect to SRD, due to regulations and the nature of its activities, the Dunkirk site is subject to emissions quotas. SRD therefore needs to buy emissions rights in the market. In 2014, this site was a net seller under emissions quotas after running virtually at break-even in previous years (figures for 2015 will not be available until 2016).

All other emissions are regularly monitored by external authorities and in the context of internal control procedures.

The reader may refer to the sustainable development report, prepared pursuant to article 225 of the French Environmental Code.

Waste

Colas now recycles considerable quantities of material: three fourths of asphalt plants recycle asphalt aggregates and recycling platforms process a volume that is roughly equivalent to the production of 16 quarries (for more information, please refer to the sustainable development report prepared in compliance with article 225 of the French Environmental Code). Recycling on this scale requires appropriate monitoring of the materials processed and the accountability of those who generate waste, which does not always come from Colas worksites. Since the asphalt mixes and other inert materials processed at Colas facilities are not considered hazardous, systematically analyzing them is not necessary, and therefore not economically justifiable. Given this context, it is conceivable that some one hundred thousand tons of deconstruction materials currently stored at Colas recycling facilities in France or abroad may be found to be non-compliant, although it may not be possible to reassign responsibility to the original contractors involved. In accordance with regulations in most countries, the latter should normally be responsible for the (chemical) nature of their waste.

Rehabilitation of industrial sites

The Group's industrial sites in France are covered by regulations governing *installations classées pour la protection de l'environnement* (classified facilities requiring environmental impact assessment) and, in other countries where the Group operates, its sites are subject to similar regulations. In France, commitments for the rehabilitation of quarries or gravel pits, defined by government agencies, are an integral part of every operating license. Provisions are set aside for the amounts in question, which are periodically reviewed and adjusted when necessary. As of December 31, 2015, total provisions covering these commitments amounted to 161 million euros (the same level of provisions as at year-end 2014). Should legal requirements become more stringent, possible costs for rehabilitation might increase.

The Group applies a systematic policy of obtaining environmental certification (ISO 14001, for example). Progress is documented and tracked thanks to monitoring and certification audits carried out with the assistance of external organizations as well as in-house resources. A global checklist system, launched five years ago, now covers most materials production activities and makes it possible to consolidate action plans. In 2015, 81% of annual revenue in Colas' materials production businesses worldwide had obtained at least one certification or used internal checklists. The entire set of procedures has been incorporated within the internal control systems deployed at companies based in France and abroad.

Provisions have been set aside for commitments to rehabilitate SRD's site when it ceases to operate on the basis of its projected term of operation and these amounts are periodically adjusted.

Geological risks

A study carried out by the BRGM (geological and mining research bureau) at a number of quarries in Mainland France revealed the presence of actinolite (a naturally occurring rock, one of the forms of which contains asbestiform fibers) at certain sites. Further studies are being done by the working group made up of the INRS (French institute for research and security), the BRGM and road industry organizations to develop a recognized method for analyzing risks. Colas is taking an active part in this work. Depending on the findings of these studies and the decisions that will be made, certain sites – in principle only a limited number – may have their production capacity reduced or even be shut down.

Regulatory compliance

Colas' subsidiary SRD is a refinery that produces bitumen and specialty products obtained by refining petroleum products. It is subject to the regulations that apply to classified facilities requiring environmental impact assessment in France and, due to the nature of its products, must also comply with several European directives, including its classification as an upper-tier site under the Seveso Directive, the LCP Directive (limiting the emission of certain pollutants into the air from large combustion plants), and the IPPC Directive (concerned with polluting activities). Prefectural authorities ensure that these requirements are addressed when issuing operating permits. Installations are designed and maintained to prevent or minimize the risk of a pollution accident or other major incident. Inspection and audit programs are implemented and checked by an internal audit department. French government agencies regularly verify that such programs are in place and properly monitored. Accident scenarios are defined with government authorities in the context of hazard identification studies and emergency response resources and procedures are specified in internal emergency plans. SRD's employees manage risks in strict compliance with the operating procedures of its safety management system, in line with ISO 14001. A status presentation is made once every year to a Local Information and Consultation Committee, a body consisting of representatives of the French government (including the sub-prefect), local government authorities, non-profit organizations and industry. Minor accidents and incidents are also recorded and analyzed. Any modifications are subject to failure mode, effects and criticality analysis (FMECA), a standardized method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations of insurer engineering departments. The operation is shut down every five years for major servicing and upgrading. Lastly, SRD is regularly inspected by DREAL, the regional environmental, development and housing bureau, which is responsible for verifying compliance with procedures.

Three other significantly smaller sites are classified as lower-tier sites under Seveso. The sites in questions are all depots for explosives used in quarries located in Martinique, Mayotte and Saint-Martin. Furthermore, outside the European Union, the following sites are worthy of mention: the KBC refinery in Malaysia (operated by the Group's Thai subsidiary Tipco) and several explosives depots in Africa and in the Indian Ocean region. Prevention policies on these sites are identical to their European counterparts, although the administrative framework differs from one country to another. All of these sites require the implementation of specific safety management tools and are subject to highly stringent national and European laws. In general, these requirements have tended to become increasingly strict over time. Should these regulations become even more demanding in future, greater investments and other expenses to ensure compliance might be needed.

OPERATIONAL RISKS

WORK-RELATED ACCIDENTS

The Group is exposed to two main types of occupational hazards: the operation of construction machinery and industrial equipment; and traffic accidents, which include those in which employees may be directly involved and those that may occur when hauling a wide load. For many years now the Group has observed an extremely proactive policy of training and safety. In addition, major initiatives are being conducted to transport construction machinery and industrial equipment safely, by keeping employees regularly informed of wide-load haulage regulations, extending the use of load calculation software, having each subsidiary prepare a transport action plan, making sure employees are aware of the rules and procedures for securing heavy loads, and reminding them of haulage and equipment rental contract requirements. Other safety actions include training in fire prevention (particularly for waterproofing work) and for work carried out near potentially risky networks, such as natural gas pipes or electrical conduits.

CHEMICAL WORK-RELATED HEALTH HAZARDS

Exposure to bitumen and ultraviolet radiation

2013 was marked by the official publication of two important documents on bitumen fumes: a monograph by the IARC (International Agency for Research on Cancer) and an official report by the ANSES (French Agency for Food, Environmental and Occupational Health & Safety). The IARC is the world's leading scientific reference on the subject and in its publication it stated that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. The conclusions of the ANSES reflected the risk analyses carried out by the road construction industry. No new publications appeared in 2014 or in 2015.

The only health hazard that can be linked to road construction workers' exposure to bitumen fumes is irritation of the respiratory tract and eyes. The risk of exposure to bitumen fumes is classified as low and adequately mitigated, except in confined workplaces where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes and ventilation problems. It is, however, conceivable that if new studies establish a link, however tenuous, between the use of bitumen for road paving and cancer, new regulations in accordance with the precautionary principle may be enacted, although there are currently no signs of this. The Group's reputation as a leader in the road construction industry could be adversely affected by new media campaigns, court decisions or scientific research in this field.

Colas' Human Resources and Environment departments continue to regularly measure employee exposure to bitumen fumes at worksites, and the Group continues to assist occupational physicians and researchers and also to encourage government agencies and project owners to accept the use of warm asphalt and mixes, which make it possible to significantly lower the application temperature of bitumen-based products and practically eliminate bitumen fumes. The Group is examining all possible means of reducing worker exposure to bitumen and proactively seeking innovative ways to protect the safety and health of its employees. One example is the decision to purchase road pavers that are equipped with a fume extraction system, whenever this is possible. The Group is also working to reduce the temperature of paving materials as low as possible while preserving quality, and is steadily increasing the use of warm mix. It has techniques for applying all bitumen-based products worldwide at less than 200°C. Some of these techniques, particularly for mastic asphalt, were developed by Colas, which has made its expertise available throughout the road construction industry in Mainland France, where it makes these materials.

Given the nature of the Group's work, many employees are also required to work outdoors and are repeatedly exposed to sunlight and therefore to ultraviolet (UV) solar radiation, which is the main environmental risk factor for skin cancer. To prevent excessive exposure to UV rays, these workers are regularly reminded to apply sunscreen to their face and other exposed skin areas and to wear a cap and sun-protective clothing. Occupational physicians are encouraged to systematically check for skin tumors.

Dust and solvents

Workplace health bodies have rallied around the issue of exposure to silica dust at worksites, quarries and gravel pits. This risk has been greatly reduced through actions deployed both in France and abroad (ensuring that operator cabs are sealed, air conditioned and air filtered; ensuring that site staff wear basic dust masks; employing various dust reduction techniques; upgrading asphalt milling-planing equipment to ensure that machines are equipped with dust extraction systems).

The risk related to solvent use has been reduced in workshops, on worksites and in laboratories, both in France and internationally, through a policy put in place to limit solvent use and implement safety equipment. Around three quarters of the Group's washing stations no longer use chlorinated or petroleum solvents to clean workshop or laboratory equipment. These products have been replaced by organic, plant-based solvents or liquid detergent-based solutions.

Asbestos

Claiming that they were exposed to asbestos, several former SRD employees (some of whom were employed by BP before SRD was spun off on December 31, 1991) and their beneficiaries have undertaken legal action against BP and/or SRD and against their local CPAM national health insurance fund. At this point, the procedure to recognize that they have an occupational illness caused by exposure to asbestos and that their employer may be held liable is still under way for 21 cases. If the occupational illness is recognized and the employer (and possibly SRD) is determined to be liable, the latter's health insurance contributions could increase and it could have to bear the financial consequences of the recognition of the occupational illness in the case of claims that the employer has been guilty of gross negligence (two lawsuits for gross negligence filed).

In France, Colas has taken part in the debate on the presence of actinolite asbestos (actinolite being a naturally occurring rock, one of the forms of which can contain asbestiform fibers) in existing roads, recycled materials and newly extracted aggregates. Colas also participates in the working group made up of the INRS, the BRGM and road industry organizations in order to use a recognized method for analyzing asphalt mix and aggregates.

Conclusion on work-related health hazards

Colas conducts its activities in a highly complex environment in terms of chemical risk. This topic, which has been focused on for a number of years, is one of the main priorities of the Group's responsible development policy. This complexity is not only specific to Colas' business: it reflects our society's growing awareness of and concern for these issues, as illustrated by the European Union's REACH regulation, for instance. Colas has thoroughly assessed this risk, which seems however to be limited in scope. Colas is committed to a policy of dialogue, particularly with the scientific community.

CONTRACT PERFORMANCE RISKS

Overall contractual risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large contracts, such as concessions or public-private partnerships. Given their complexity, these large projects are subject to greater risks, in terms of design, geological and archaeological constraints, the availability of construction land, cost estimation, execution and scheduling requirements (for example, if the customer fails to make land available by the specified deadline).

WEATHER AND NATURAL CATASTROPHE RISKS

Colas' projects may also be adversely affected by poor weather conditions and other natural phenomena. Rain, snow or ice may require that a worksite or other activity be temporarily shut down or suspended, which means that fixed costs may not be covered. Poor weather may also make work more expensive by increasing the need for temporary employees and rented equipment to make up for lost time and stay on schedule.

Work may also be disrupted by a natural catastrophe or phenomenon (such as earthquakes, floods, cyclones, storms or lightning) that requires work to be suspended or destroys work under construction.

Such events may reduce revenue or increase expenses, only some of which may be covered by insurance.

ACQUISITION RISK

The Group owes much of its growth over the years to acquisitions. The execution of its acquisition strategy could be restricted by excessively high valuations, a lack of suitable targets, competition for acquisition projects, and on occasion, restrictions under competition law. For various reasons, Colas may also encounter difficulty integrating a company it acquires, which may result in less cash flow and earnings than expected and even require the impairment of goodwill.

All acquisition projects are subject to a specific investment process and require the preparation of the various documents described in the internal procedures guide. These projects are presented to the Group's Executive Management and are reviewed before being presented to the Board of Directors of the subsidiary that is considering the acquisition.

EMPLOYEE RISKS

Colas' business depends heavily on its human capital. It must therefore continuously recruit and train new generations of employees and deal with risks that could compromise the recruitment, training and loyalty of employees, increase payroll costs or trigger industrial action. Furthermore, the death or unavailability for any reason of a member of Executive Management could delay a development project and weaken the Group's operational management. This is why anticipating needs for skills and developing talent are fundamental to Colas' human resources policy.

LIQUIDITY RISKS

As of December 31, 2015, the Group's net cash totaled 786 million euros, in addition to 1,490 million euros of confirmed medium-term credit lines undrawn to date (compared to 1,268 million euros at December 31, 2014).

Over the course of the year, the Group renewed 370 million euros of credit facilities expiring in 2015.

Colas Group companies' confirmed bank loan contracts contain no significant financial clauses likely to lead to early termination and/or early repayment.

As of December 31, 2015, the breakdown of interest-bearing loans by maturity was as follows:

in millions of euros	Maturity	Maturity over 1 year						
	Less than 1 year 2016	1 to 2 years 2017	2 to 3 years 2018	3 to 4 years 2019	4 to 5 years 2020	More than 5 years 2021 and beyond	Total 2015	Total 2014
Loans and borrowings from credit institutions		53	21	15	13	64	166	193
Finance lease liabilities		3	2	2	1	1	9	14
Other borrowings and financial liabilities		1					1	1
Sub-total	**44**	**57**	**23**	**17**	**14**	**65**	**176**	**208**
Short-term bank facilities and overdrafts	62							
AT DECEMBER 31, 2015	**106**	**57**	**23**	**17**	**14**	**65**	**176**	
At December 31, 2014	144	47	59	21	15	66		208
Current portion of non-current debt							44	56

As of December 31, 2015, the Group's confirmed/drawn credit lines were as follows:

in millions of euros	Confirmed credit lines – Maturity				Drawn credit lines – Maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Credit lines	241	1,601	65	1,906	44	111	65	220

MARKET RISKS

Several Group companies use financial hedging instruments to reduce the impact of exchange and interest rate fluctuations and commodity price fluctuations on their profit and loss accounts. The use of these instruments is described hereafter.

RISKS TO WHICH THE GROUP IS EXPOSED

Interest rate risk

Changes in interest rates have no effect on the Group's financial expense, since over the fiscal year the average amount of floating-rate debt is lower than available cash, which is invested at a floating rate. In addition to the variable-rate debt stated on the balance sheet, the seasonal nature of the Group's business may require short-term borrowings.

Some financial assets or liabilities may sometimes be hedged.

The fixed-rate portion of current and non-current financial debt after accounting for all interest rate hedging instruments that have not yet reached maturity as of the balance sheet date, and excluding short-term bank facilities, is 59% (61% in 2014).

The interest rate swap contracted by Aximum and matched to a medium-term intercompany account with Colas SA, expiring in 2016, no longer has any impact on the fixed-rate portion.

Floating-rate debt that is not matched by an interest rate swap is broken down by maturity in the table below:

in millions of euros	Maturity						Total
	Less than 1 year(1) 2016	1 to 2 years 2017	2 to 3 years 2018	3 to 4 years 2019	4 to 5 years 2020	More than 5 years 2021 and beyond	
	44	12	12	7	6	8	89

(1) Short-term fixed-rate liabilities are considered floating-rate liabilities.

As of December 31, 2015, the Group's financial assets and liabilities break down as follows, by rate type:

in millions of euros	Floating rates	Fixed rates	Total
Cash and cash equivalents	848		848
Loans(1)(2)	(213)	(14)	(227)
Bank overdrafts	(62)		(62)
Net position before cash management	**573**	**(14)**	**559**
Interest rate hedging(2)	117	(117)	
Net position after cash management	**690**	**(131)**	**559**
Seasonality adjustment(3)	(700)		(700)
POSITION AFTER HEDGING AND SEASONALITY ADJUSTMENT	**(10)**	**(131)**	**(141)**

(1) Includes (7) million euros of interest rate swaps measured at fair value and recognized through "Other income and expenses".

(2) Fixed-rate liabilities and short-term interest rate hedges are considered floating-rate items.

(3) Business activity and operating cash flow are subject to sharp seasonal variations. This adjustment uses average cash over the year to calculate the sensitivity of financial expenses to changes in interest rates. It is the difference between the average financing cash flow for the year (calculated based on the average monthly financing cash flows) and net cash at the balance sheet date, excluding fixed-rate debt and interest rate swaps.

Accordingly, an immediate increase of 1% in short-term interest rates on the net position above would not have a significant impact on financial income (expense).

Currency risk

The Group has little exposure to currency risk since exports account for only a very small proportion of subsidiaries' revenues and most of the Group's business (55%) is conducted in the eurozone.

In most cases, revenue from international operations comes from locally-based subsidiaries that issue invoices and book their expenses in the currency of the country where the work is performed, so that the only significant impact that exchange rate movements have on the Group's revenue and earnings is through currency translation, in proportion to the change in the average exchange rate. Since North America accounts for more than one fifth of revenue, the Group is exposed to changes in exchange rates between the euro and the US dollar, and the euro and the Canadian dollar.

Borrowings and deposits are centralized in each country's currency (e.g., euros, US dollars, Canadian dollars, etc.).

As of December 31, 2015, current and non-current debt by currency broke down as follows:

in millions of euros	Euro	USD(1)	GBP(1)	Other(1)	Total
Financial debt as of December 31, 2015					
– Non-current	89	–	70	17	176
– Current	37	7	8	54	106
Financial debt as of December 31, 2014					
– Non-current	93	18	70	27	208
– Current	21	34	10	79	144

(1) Equivalent in euros.

Some contracts in a foreign currency may be hedged against exchange risk.

Generally, the Group does not hedge its net investments in foreign subsidiaries and equity holdings, branches or joint ventures since it does not intend to sell these entities.

Forward exchange contracts are used to optimize the Group's cash flow by converting, without any foreign exchange risk, excess cash that is lent to or borrowed from subsidiaries in their local currency, as a substitute for bank credit lines.

In addition, particular attention is paid to risks related to Group assets denominated in non-convertible currencies, and more generally to "country" risks.

Business related to SRD (Société de la Raffinerie de Dunkerque) is more exposed to currency risk due to the purchase and sale of products valued in US dollars which are bought and sold in US dollars and/or euros. This risk is managed using forward sales and euro/dollar currency swaps.

Commodity price risks

Please refer to the section of this document entitled "Hedging of commodities risks".

HEDGING POLICIES AND INSTRUMENTS USED BY THE GROUP

The Group only uses standard hedging instruments such as:

- purchase and sale of currency futures, currency swaps and purchase of currency options – to hedge currency risk;
- interest rate swaps, future rate agreements, interest rate caps, collars and options – to hedge interest rate risk;
- purchase and sale of commodity futures, swaps and options – to hedge commodity price risk.

These instruments are only used for hedging purposes, are transacted exclusively with leading French and international financial counterparties, and are exposed to no liquidity risk in the event of a sudden and adverse market movement.

The use of these instruments, the selection of counterparties and the management of exposure to currency, interest rate and commodity price risks in general are specifically and closely monitored and are reported to the management and oversight bodies of the company concerned.

ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS

Generally speaking, the Group applies hedge accounting to the financial instruments that it uses. This entails formal documentation of the hedging relationship under IAS 39. The Group then applies one of two recognition methods:

- fair value hedge: the changes in fair value of the hedging instrument and hedged item are recognized symmetrically in the income statement;
- cash flow hedge: the ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement, while the effective portion is recognized directly in equity (until the position is unwound).

FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2015

The total notional amounts of each type of instrument used as of December 31, 2015 are presented in this section, with interest rate instruments broken down by maturity date and currency instruments by type of currency.

Hedging of interest rate risks

Interest rate swaps in millions of euros	Maturity			Total	Total
	Less than 1 year	1 to 5 years	More than 5 years	31/12/2015	31/12/2014
On financial assets	–	–	–	–	–
On financial liabilities	181	40	86	308	314

An interest rate swap that will mature in January 2028 was agreed with the City of Portsmouth, England, to enable it to pay a fixed monthly fee for the duration of its twenty-five-year road maintenance and rehabilitation contract with Colas.

This swap is receive-floating, pay-fixed. Its notional amount is aligned with the drawdown and repayment schedule of the contract's non-recourse loan, allowing the fixed cost of the debt to be covered by the fixed monthly fee. The notional amount of this swap as of December 31, 2015 was 71 million euros (52 million GBP).

To cover seasonal fluctuations of its debt Colas has entered into pay-fixed swaps. The average amount of these swaps is 151 million euros, expiring at the end of 2016.

Hedging of currency risks

in millions of euros	USD(1)	GBP(1)	HUF(1)	Other(1)	31/12/2015	31/12/2014
Forward purchases	83	27	63	26	199	144
Forward sales	35	7		26	68	111

(1) Equivalent in euros.

Hedging of commodities risks

in millions of euros	31/12/2015	31/12/2014
Forward purchases	0	2
Forward sales	1	19

Forward purchases and sales reflect hedging transactions on road projects and the remainder of hedging on the operations of Société de la Raffinerie de Dunkerque (fuel oil contracts).

Market value of hedging instruments

At December 31, 2015, the market value (i.e. the net present value) of hedging instruments at year end was (27) million euros, including accrued interest not due. This amount consists mainly of the net present value of the interest rate swaps used to hedge a portion of the Group's debt.

The market value of hedging instruments by hedging type breaks down as follows:
- fair value hedging instruments: (1) million euros;
- cash flow hedging instruments: (26) million euros;
- instruments used other than for hedging: 0 million euros.

All financial derivative instruments are used for hedging purposes.

The impact of the market value of the interest rate swap entered into for the contract with the City of Portsmouth, England, namely (18) million euros including accrued interest not due, is fully offset by the market value of the embedded derivative in the contractual fixed fee paid by the customer, i.e., 18 million euros.

The total value of the portfolio of financial instruments, net of the value of the embedded derivative in the contractual fixed fee paid by the City of Portsmouth, is (9) million euros including accrued interest not due.

If interest rates rose 1% (or fell 1%), the market value of the hedging instruments would change from (27) to (19) million euros (or, respectively, change to (36) million euros), including incurred interest not due.

If the euro declined 1% with respect to all other currencies, the market value of the hedging instruments would remain at (27) million euros, including accrued interest not due.

In the event of an unfavorable 1% change in commodity prices, the market value of the hedging instruments would remain at (27) million euros, including accrued interest not due.

These calculations were made by an independent party, in accordance with current market practices.

INSURANCE AND RISK COVER

The Group takes care to protect its assets, property and people against foreseeable hazards that can be insured without compromising competitiveness. Risks at all levels are assessed and either prevented, transferred contractually or insured.

Whether or not a risk is insured depends on its nature and assessed severity (i.e., probability of occurrence and potential loss). Insurance cover is required for all major risks.

Colas' Risks and Insurance Department oversees risks and provides subsidiaries with its risk management expertise whenever necessary. Some risks are insured under Group policies that Colas manages on the basis of the information provided by subsidiaries, while others may be optionally included in existing policies to which subsidiaries must subscribe. Outside France, some insurance policies are subscribed locally to comply with local laws, or to cover frequency risks that must be managed locally.

Liability insurance

Liability insurance policies protect against claims by third parties and mainly consist of obligatory automotive insurance and policies covering constructions, products, operations and the ten-year construction guarantee.

Coverage amounts are appropriate to the risks incurred by Group companies and are generally in excess of 5 million euros.

Property insurance

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

Construction insurance

Construction insurance policies are purchased when there is a contractual obligation to cover work under construction.

The Group has strengthened its long-standing accident prevention program over the years and succeeded in developing a genuine partnership with insurance companies that has enabled it to renew its insurance policies under virtually identical conditions to previous years.

Acquisition of equity interests

The significant equity interests(1) acquired during fiscal year 2015 were as follows:

Company	Registered office	% stake held
Auldyn Holdings Limited	Isle of Man	100.00
Construction DLP Inc.	Montreal (Canada)	50.00
Al-Futtaim Tarmac LLC	Dubai (United Arab Emirates)	49.00
Société des Granulats et Bétons Corses SAS	Ajaccio (France)	49.99

(1) Materiality threshold used: investments of more than 150,000 euros.

Strategy

Colas' strategy is one of profitable growth with a focus on responsible development for its employees, society and the environment, designed to meet the modern world's needs for mobility, urbanization and environmental protection. Colas' strategic targets are as follows:

• **consolidating and expanding sustainable operations throughout the world,** mainly through external growth, to establish and develop a leading position in local markets and spread risk through geographic diversification.

Since Colas' business activities require a stable political, legal and tax environment to thrive, the Group has always invested primarily in developed countries, mostly in North America, Europe and Australia. The Group may also make targeted investments in other zones where major infrastructure projects are planned, if the project offers a reasonable level of security for investments;

• **securing the materials and resources required for operations** through a process of optimized industrial integration to ensure:

– better security and quality of the resources the Group needs to operate and expand,

– increased added value,

– an improved competitive edge, notably thanks to synergies and savings due to reduced transport distances for construction materials;

• **pursuing the development of Specialized Activities** in order to:

– expand the Group's customer offerings,

– develop synergies,

– enter new regions and markets,

– position the Group on growth markets such as railways.

The production and sale of refined products in France will be sold or discontinued, in view of recurrent losses and the outlook for this business, which is not likely to be profitable over the medium term;

• **developing an expanded offering of services** by:

– developing complex offerings (PPPs, concessions, network management) that leverage the full range of Colas' technical skills, from order to design, construction and maintenance, as well as its legal and financial expertise,

– highlighting major projects that are complementary to the Group's traditional core business activities;

• **innovating, specifically by designing new products and techniques,** backed by a Research & Development policy that aims to anticipate customer demands in terms of quality, comfort, safety, environmental protection and cost control, and to design the roads of the future;

• **focusing on profitability rather than volume,** with the ongoing aim of improving profit margins in all business segments.

Strengths

The Group's strengths reside in the following driving forces:

• **strong footholds in long-term, high potential growth markets:**

– high-level needs worldwide for transportation infrastructure, driven by substantial structural factors such as population growth, urbanization, increasing global trade, a lack of infrastructure in emerging countries, the need to replace infrastructure in developed countries, mobility and environmental challenges,

– the need to maintain existing infrastructure, which in many mature markets often exceeds the need for construction.

Recurring maintenance constitutes a large part of Colas' core business, thus enabling good revenue visibility. Moreover, since the core business involves a large number of projects and worksites, the Group benefits from broad risk diversification;

• **vertical integration** of upstream production processes and a policy to secure the procurement of essential materials and supplies, such as aggregates, emulsions, asphalt mixes and ready-mix concrete.

This integration improves the Group's operational performance by creating synergies and by securing and ensuring the quality of a substantial portion of procurement. This strategy has made Colas a leading producer of road construction materials;

• **the Group's network of 800 construction business units and 2,000 materials production units** in over 50 countries on five continents, some of which have been operating for over a century.

The density of this network gives Colas a major advantage in markets where having a local presence and customer proximity are important, and where distance substantially increases the cost of transporting construction materials;

• **a decentralized organization** that has strong roots in local communities, and is able to respond to market needs flexibly, quickly and effectively.

Although implemented on a global scale, this organization can be adapted to each local environment. The lean management structure enables decisions to be made where they are most needed and most effective. This organization gives Colas the operational agility and flexibility it needs to adapt to changing market requirements;

• **human capital** that creates collective intelligence, with values and a passion forged over Colas' long history and shared by 57,000 employees, passed on from generation to generation, and carefully cultivated and enriched through the Group's adapted human resources policy;

• **an innovation policy particularly geared toward technical innovation,** backed by a vast, dedicated international network comprising 2,000 people and the Campus for Science and Techniques (CST), the world's leading private R&D center in the road industry, along with some fifty regional laboratories and one hundred technical engineering and design offices;

• **recognized technical, legal and financial expertise in managing complex contracts,** enabling Colas to provide a comprehensive offering throughout its existing business network, spanning the full range of design, finance, construction, engineering and maintenance of large-scale transport infrastructure projects. Colas is able to win major commercial successes and can seize opportunities to optimize the technical requirements and financing constraints of its customers, within the framework of complex projects, such as concessions, PPP, PFI, MAC/ASC, etc.;

• **development capacities via both external and internal growth.**

The Group has acquired more than 170 companies of various sizes over the past ten years. Together, they account for about half of the Group's growth over this period;

• **a solid financial structure** and strong cash flow, key advantages when bidding on some contracts, also enabling the Group to pursue its growth strategy by continuing to take advantage of targeted investment opportunities.

Outlook

At the end of December 2015, work-on-hand remained high at 7.0 billion euros, down a slight 2% from the end of December 2014. A breakdown of work-on-hand confirms the trends observed over the last two years, with a 4% increase in the international and French Overseas units at 4.3 billion euros, and an 11% decrease in Mainland France at 2.7 billion euros.

In 2016, in the wake of a sharp two-year slump, revenue in the Roads business in Mainland France could bottom out, after continuing to drop slightly. A transformation plan to improve organization and procedures has been launched, the target being to improve operating profit margin over a two-year period in a market that will remain low for the long term. The Roads sector in the international units and the Railways sector should enjoy good business. A series of infrastructure investment plans should yield their first positive effects (United Kingdom, Canada, United States). Business should be stable for the other Specialized Activities (Networks, Waterproofing, Safety and Signaling).

In addition, two significant events will impact the scope:

– early 2016, in a view to increase synergies, Colas will sell its subsidiaries which operate in the storage, transportation and sale of bitumen in Vietnam, Singapore and Indonesia to its Thai subsidiary Tasco, of which it owns a 32% stake. Thus, consolidated revenue will decrease by about 150 million euros since only the results of Tasco are consolidated in "Income from associates and joint ventures";

– the production and sales of refined products will be sold or halted. No significant revenue is expected in 2016 (120 million euros in 2015). The sale or cessation will allow a significant reduction in losses posted by the activity. Only fixed costs at the Dunkirk unit will be borne until the sale or cessation of the business. This decision has been accounted for in provisions and depreciation at end-December 2015.

Based on these forecasts and all available information – excluding any acquisitions, revenue will likely decrease in 2016 compared to 2015, with a target of continued improvement in operating profitability. Colas also intends to continue the development of its strategic priorities, in particular internationalization and the expansion of the Railways business. Colas has the financial resources required for such growth (organic or through acquisitions).

Earnings and appropriation of earnings

The report given by the Statutory Auditors of the Company will include their opinion on the accounts submitted to you. These accounts have also been examined by the Works Council in accordance with applicable law.

The parent company's earnings amounted to 104,980,455.13 euros, compared with 826,096,951.74 euros in 2014. Unappropriated earnings from the fiscal year plus unappropriated retained earnings totaled 912,622,202.96 euros, which we propose that you appropriate as follows:

- to the legal reserve: 0 euro;
- to a dividend payout for a total of 177,967,019.55 euros, as of April 27, 2016;
- balance of unappropriated earnings: 734,655,183.41 euros.

As regards the dividend of 5.45 euros per share (par value of shares: 1.50 euro), shareholders who are subject to income tax in France are eligible for the 40% tax rebate (*réfaction*) provided for under article 243 *bis* of the French General Tax Code. Dividends in respect of the past three fiscal years have been as follows:

– in respect of 2012, a dividend of 7.26 euros;

– in respect of 2013, a dividend of 7.26 euros;

– in respect of 2014, a dividend of 15.40 euros (of which 11.40 euros as a special dividend).

We propose that this dividend be paid in cash with a payment date of April 27, 2016.

MATURITIES OF ACCOUNTS PAYABLE

In accordance with the requirements of the "LME" law of August 4, 2008 and the corresponding implementation decree no. 2008-1492 dated December 30, 2008, the breakdown of outstanding supplier payables, which as of December 31, 2015 totaled 20,474 thousand euros(1), by maturity at the balance sheet date, is indicated below:

in thousands of euros Fiscal year	Due in 1 month	Due in 2 months	Due in 3 months	Total
2013	123,285	419	0	123,704
2014	89,398	3,166	0	92,564
2015	18,968	1,346	160	20,474

(1) Does not include international profit centers.

COMPENSATION OF COMPANY OFFICERS – STOCK OPTIONS GRANTED TO COMPANY OFFICERS AND EMPLOYEES

This section includes all related reporting required by the French Commercial Code, as well as tables recommended by the Afep-Medef Code of Corporate Governance (version of December 2008, revised in June 2013) or by the AMF recommendation released on December 22, 2008 and updated on December 10, 2009 concerning the Company officer compensation disclosures to be provided in French registration documents (*documents de référence*).

PRINCIPLES AND RULES FOR DETERMINING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION FOR THE FISCAL YEAR

Fixed compensation and benefits in kind for the fiscal year

Fixed compensation is determined based on the level and difficulty of responsibilities, experience in the job and seniority in the Group, as well as practices documented at companies or groups of companies whose business activities are comparable.

Benefits in kind consist of a company car.

Variable compensation for the fiscal year

Variable compensation is determined on an individual basis. In the case of the Chairman and Chief Executive Officer, the Board of Directors has established a set of criteria for determining variable compensation, and has capped it at 150% of fixed compensation.

Variable compensation is based on performance, as measured by three significant business indicators. Some criteria are qualitative in nature.

The criteria for variable compensation are as follows (FC = fixed compensation):

– P1: change in the consolidated net profit attributable to the Group at Bouygues (30% of FC if the target is met; 60% of FC if the net profit exceeds the target by 20%; 0 if the net profit is 10% below the target; P1 may therefore vary between 0% and 60%);

– P2: change in Colas' current operating margin, versus the plan (10% of FC if the target is met; 0 if the current operating margin is 10% below the target; 20% of FC if the target is exceeded by 20%);

– P3: change in Colas' consolidated net profit attributable to the Group, versus the plan (25% of FC if the target is met; 0 if it is 10% below the target; 50% of FC if the target is exceeded by 20%);

– P4: change in the consolidated net profit attributable to the Group versus the prior fiscal year, 2014 earnings restated for the Cofiroute capital gain (35% of FC if the target is met; 0 if it is 10% below the target; 70% of FC if the target is exceeded by 20%);

– P5: the quantitative targets, of which there are five (between 0% and 50% of FC if targets are met). The qualitative criteria are clearly established and stipulated but are not published for confidentiality reasons.

Ceiling: the combined total of the P1, P2, P3, P4 and P5 bonuses shall not exceed 150% of FC.

At the beginning of 2009, the Board of Directors decided to give more weight to these qualitative criteria, as recommended by the Selection and Compensation Committee, based on the consideration that executive performance in times of exceptional crisis should extend to more than just financial results.

Each criterion determines a part of variable compensation.

The Board of Directors retains the right to grant an exceptional bonus under exceptional circumstances after consulting with the Selection and Compensation Committee.

The Chairman and Chief Executive Officer's overall compensation also takes into account the existence of a capped pension add-on and the absence of any specific agreement to provide separation pay.

Hervé Le Bouc's definitive variable compensation for fiscal year 2015 was determined based on the individual quantitative and qualitative criteria described above. His variable compensation was 150% of his fixed compensation in 2015 (150% in 2014), which is within the 150% cap on the ratio of variable-to-fixed compensation.

Hervé Le Bouc's compensation is paid by Bouygues and billed by Bouygues to Colas under the agreement that governs relations between Bouygues and Colas, which has been put through the proper procedure for regulated agreements.

Table 1 – Summary of compensation, benefits in kind and stock options granted to the Chairman and Chief Executive Officer

in euros	Hervé Le Bouc Chairman and Chief Executive Officer 2015	 2014
Compensation due for the fiscal year (see details in table below)	2,324,100	2,324,100
Value of options granted during the fiscal year	255,944	163,760
Value of performance shares granted during the fiscal year(1)	–	–
TOTAL	**2,580,044**	**2,487,860**
Change	**+4%**	**+19%**

(1) No performance shares were granted.

Table 2 – Compensation of the Chairman and Chief Executive Officer

in euros	Compensation(1)	Amounts(2) for fiscal year 2015(5) due(3)	 paid	Criteria for variable compensation (fiscal year 2015)
Hervé Le Bouc	Fixed	920,000	920,000	P1 = Change in Bouygues' net earnings (30%).
Chairman and Chief Executive Officer	– Change	0%	0%	P2 = Change in Colas' current operating margin with respect to the plan (10%).
	Variable	1,380,000	1,380,000	
(63 years old)	– Change – Variable/fixed portion(4) – Cap(5)	– 150% 150%	29% 150% 150%	P3 = Change in Colas' consolidated net profit (25%).
	Exceptional	–	–	P4 = Change in Colas' consolidated net profit compared to the previous fiscal year (35%).
	Directors' fees	20,000	20,000	
	Benefits in kind	4,100	4,100	P5 = Qualitative criteria (50%).
	TOTAL	**2,324,100**	**2,324,100**	

(1) No remuneration other than that mentioned in this table was paid to the Chairman and Chief Executive Officer by Group companies.

(2) Amounts due = all amounts allocated in respect of one fiscal year. Amounts paid = all amounts paid over the fiscal year, with the understanding that the variable portion allocated in respect of one fiscal year is paid during the first quarter of the following fiscal year.

(3) Amounts due – Change: the percentages shown below the fixed and variable compensation amounts represent the change compared to the previous fiscal year.

(4) Variable compensation expressed as a percentage of fixed compensation.

(5) Variable compensation cap, set as a percentage of fixed compensation.

DIRECTORS' FEES

Table 3 – Directors' fees

The overall amount of Directors' fees to be allotted to the Chairman and Chief Executive Officer and to the Directors of Colas was set by the Shareholders' Meeting of April 17, 2007 at 250,000 euros for each fiscal year, to be apportioned as seen fit by the Board of Directors.

Directors' fees paid in 2015 (in respect of 2014) and in 2014 (in respect of 2013) were in the following amounts:

in euros		Source	2015	2014
Hervé Le Bouc	Chairman and Chief Executive Officer	Colas SA Directors' fees	20,000	19,000
Sub-total: Executive Company officers			**20,000**	**19,000**
Christian Balmes	Director	Colas SA Directors' fees	0	19,000
François Bertière	Director	Colas SA Directors' fees	20,000	19,000
Olivier Bouygues	Director	Colas SA Directors' fees	18,400	19,000
Louis Gabanna	Director	Colas SA Directors' fees	0	19,000
Thierry Genestar	Director	Colas SA Directors' fees	0	19,000
Jean-François Guillemin	Director	Colas SA Directors' fees	24,000	19,000
Jacques Leost	Director	Colas SA Directors' fees	0	19,000
Colette Lewiner	Director	Colas SA Directors' fees	24,000	19,000
Martine Gavelle	Director	Colas SA Directors' fees	20,000	
Philippe Marien	Director, Permanent Representative of Bouygues SA	Colas SA Directors' fees	23,600	19,000
Thierry Montouché	Director, Board Secretary	Colas SA Directors' fees	0	19,000
Catherine Ronge	Director	Colas SA Directors' fees	15,200	
Jean-Claude Tostivin	Director	Colas SA Directors' fees	0	19,000
Gilles Zancanaro	Director	Colas SA Directors' fees	0	19,000
Sub-total: Other Directors			**145,200**	**228,000**
TOTAL DIRECTORS' FEES FOR EXECUTIVE COMPANY OFFICERS AND DIRECTORS			**165,200**	**247,000**

In accordance with the recommendations of the Afep-Medef Code, the manner in which Directors' fees are apportioned in 2016 (in respect of fiscal year 2015) accounts for Directors' actual participation in the Board and specialized Board committees.

In 2015, Hervé Le Bouc also received a total of 25,000 euros in Directors' fees in respect of his directorship at Bouygues SA.

REPORT ON 2015 PERFORMANCE SHARES OR OPTIONS

Pursuant to articles L. 225-184 and L. 225-180, point II of the French Commercial Code, this report informs the Shareholders' Meeting of the transactions performed by virtue of these authorizations and pursuant to articles L. 225-177 to L. 225-186 of the French Commercial Code. It presents the tables recommended by the Afep-Medef Code of Corporate Governance, regarding the information to provide on the compensation of Company officers.

Options granted by the Company or by companies controlled by or affiliated with the Company

– Options granted by the Company

In 2015, the Board of Directors was granted no authorization to set up a share subscription option plan specifically for the senior executives and other employees of the Company and of certain of its affiliates. At the end of December 2015, no Colas share subscription options existed.

– By related companies

Stock options entitling the holder to subscribe for new Bouygues shares are granted to individuals who work for Colas or its subsidiaries, by Bouygues, in a manner pursuant to article L. 225-180 of the French Commercial Code.

– General information: features of share subscription options

All share subscription options granted by Bouygues (the parent company of Colas) in 2015 conform to the following characteristics:

. exercise price: average of the first quoted prices for the twenty trading sessions leading up to the grant, not discounted;

. total duration: ten years beginning on the grant date;

. vesting period: two years beginning on the grant date;

. exercise period: eight years beginning at the end of the vesting period (three exceptions for exercise at any time during those ten years: exercise by holder's heir no later than six months after holder's death; change in control over Bouygues or public offer of purchase [OPA] or exchange [OPE] directed at Bouygues; exercise pursuant to article L. 3332-25 of the French Labor Code, using credits acquired under the Group's Company Savings Plan [PEE]);

. automatic cancellation if the holder's employment contract or term of office comes to an end, barring special authorization, an inability to work, resignation or retirement.

Share subscription options granted to, or exercised by, executive Company officers and salaried Directors in 2015

Options entitling the holders to subscribe for new Bouygues shares were granted in 2015. The exercise price was set at 37.106 euros per subscribed share.

At the time of the grant, as measured in the consolidated financial statements, the value of one option was 3.1993 euros.

Table 4 – Share subscription options granted to executive Company officers

Executive Company officers	Granting company	Grant date	Number of options	Exercise price (in euros)
Hervé Le Bouc	Bouygues	28/05/2015	80,000	37,106
TOTAL	**–**	**–**	**80,000**	**37,106**

Table 5 – Share subscription options exercised by executive Company officers and salaried Directors

Executive Company officers	Granting company	Plan concerned	Number of options	Exercise price (in euros)
	Bouygues	None	–	–

No options were exercised by the Company's corporate officers in 2015.

Performance shares

Table 6- Performance shares granted to executive Company officers

No performance shares were granted by the Company in 2015.

Table 7- Performance shares made available during the fiscal year to executive Company officers

No performance shares were made available since no performance shares were granted.

Table 8- Breakdown of share subscription options by plan and by type of recipient

	2015	2014	2013	2012	2011	2010	2009
Date of Bouygues SA Shareholders' Meeting	23/04/2015	21/04/2011	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008
Grant date	28/05/2015	27/03/2014	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009
Number of options granted to persons working at Colas	800,000	850,000	850,000	990,000	887,850	1,184,000	1,355,000
– of which: executive Company officers and salaried Directors[1]		80,000	220,000	157,000	172,000 (174,228)[3]	214,000 (216,772)[3]	194,000 (196,513)[3]
Hervé Le Bouc		80,000	80,000	97,000	97,000	130,000	150,000
– of which: top ten employee recipients	120,000	117,000	81,000	88,000	83,500	100,000	165,000
Original exercise price before adjustment	€37.106	€30.32	€22.28	€20.11	€31.84	€34.52	€25.95
Exercise price after adjustment[2]	€37.106	€30.32	€22.28	€20.11	€31.43	€34.08	€25.62
Earliest exercise date	29/05/2017	28/03/2018	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013
Expiration date	28/05/2025	27/09/2021	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016

(1) There are no longer any salaried Directors as of 2014.

(2) In compliance with French law, the exercise price and the number of options granted were adjusted on November 15, 2011, following a public share buyback offer (OPRA) by Bouygues SA (the parent company).

(3) After the adjustment of the number of options carried out on November 15, 2011, due to the public share buyback offer (OPRA) by Bouygues SA (the parent company).

Share subscription options granted to, or exercised by, the ten employees who received/exercised the most options during the fiscal year

Table 9 – Share subscription options granted to the ten non-Company officer Colas SA employees who received the most options during the fiscal year

Employees	Granting company	Grant date	Number of options	Exercise price (in euros)
Thierry Genestar	Bouygues	22/07/2015	15,000	37.106
Jacques Leost	Bouygues	22/07/2015	15,000	37.106
Thierry Montouché	Bouygues	22/07/2015	15,000	37.106
Philippe Tournier	Bouygues	22/07/2015	15,000	37.106
Louis Gabanna	Bouygues	22/07/2015	15,000	37.106
Patrick Guénolé	Bouygues	22/07/2015	10,000	37.106
Christophe Da-Poïan	Bouygues	22/07/2015	9,000	37.106
Daniel Ducroix	Bouygues	22/07/2015	9,000	37.106
Frédéric Roussel	Bouygues	22/07/2015	9,000	37.106
Thierry Le Roch	Bouygues	22/07/2015	8,000	37.106
TOTAL	**–**	**–**	**120,000**	**37.106**

Table 9 *bis* – Share subscription options exercised in fiscal year 2015 by the ten Colas SA employees who exercised the most options

Employees	Granting company	Plan concerned	Number of options exercised	Exercise price (in euros)
Patrick Guénolé	Bouygues	April 1, 2009	8,104	25.62
		June 30, 2010	8,104	34.08
		June 14, 2011	7,598	31.43
Thierry Caussemille	Bouygues	April 1, 2009	8,104	25.62
		June 30, 2010	8,104	34.08
		June 14, 2011	6,078	31.43
Louis Gabanna	Bouygues	April 1, 2009	22,285	25.62
Thierry Montouché	Bouygues	April 1, 2009	12,000	25.62
		June 30, 2010	10,000	34.08
Frédéric Roussel	Bouygues	April 1, 2009	5,065	25.62
		June 30, 2010	8,104	34.08
		June 14, 2011	7,598	31.43
Bernard Sala	Bouygues	June 30, 2010	8,104	34.08
		June 14, 2011	6,078	31.43
Philippe Quillien	Bouygues	April 1, 2009	8,104	25.62
		June 30, 2010	5,572	34.08
Alain Clotte	Bouygues	June 30, 2010	7,091	34.08
		June 14, 2011	6,078	31.43
Christophe Guy	Bouygues	April 1, 2009	7,598	25.62
		June 30, 2010	2,117	34.08
		June 13, 2012	1,500	20.11
		March 28, 2013	800	22.28
Philippe Tournier	Bouygues	April 1, 2009	10,000	25.62
Jean-Paul Brossard	Bouygues	April 1, 2009	8,104	25.62
TOTAL	**–**	**–**	**182,290**	**–**

OTHER INFORMATION ON EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS

Table 10 – Chairman and Chief Executive Officer: separation of corporate office and employment – Supplementary pension plan – Separation pay – Non-competition payment

Executive Company officers	Employment contract		Supplementary pension plan(1)		Indemnities or benefits due or potentially due as a result of termination or change in position(2)		Indemnities relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Hervé Le Bouc Position: Chairman and Chief Executive Officer	X		X(1)			X(2)		X

(1) Pension add-on: Hervé Le Bouc: members of the Bouygues Group's General Management Committee are covered by a supplementary pension plan, which represents 0.92% of their base salary (average of three best years) per year of seniority in the plan, capped at eight times the French Social Security limit (currently about 296,000 euros). The supplementary pension plan is only available after ten years of service within the Group and if the person is a member of the General Management Committee when he or she retires. It should be noted that the form of this additional plan is that of an insurance contract entered into with an insurance provider outside the Group.

(2) Separation pay: neither the Company and its subsidiaries nor Bouygues have made any commitment or any promise to grant separation pay to the Chairman and Chief Executive Officer. It should be noted that, while this does not constitute separation pay, Hervé Le Bouc, who is employed by Bouygues, would be covered by the applicable collective bargaining agreement (for Bouygues SA, the collective bargaining agreement for management-level employees of the construction industry in the Paris region), and would therefore be entitled to the indemnities provided for under this agreement in the event that his employment contract should come to an end.

Share capital

SHARE CAPITAL IN 2015

As of January 1, 2015, the Company had issued share capital of 48,981,748.50 euros, consisting of 32,654,499 shares with a par value of 1.50 euro each.

As of December 31, 2015, the Company's issued share capital remained unchanged at 48,981,748.50 euros, consisting of 32,654,499 shares with a par value of 1.50 euro each.

SHARE OWNERSHIP

On the basis of recorded share capital as of January 2, 2016, Bouygues SA directly and indirectly held 96.60% of Colas' share capital as of December 31, 2015. Colas Group employees held 0.89% via the "Colas en actions" and "Colas shares" investment funds.

As of December 31, 2015, Colas held 7,980 treasury shares via a liquidity agreement.

SHARE PRICE AND TRADING VOLUME

In order to account for the distribution of a special dividend of 11.40 euros per share, the share price has been adjusted, as has the volume of trading, for the period prior to April 27, 2015. This adjustment is equivalent to the last closing share price before the detachment of the exceptional dividend (i.e. 148.20 euros, which is 159.60 euros minus 11.40 euros) divided by the pre-ex-dividend price (159.60 euros), i.e. a coefficient rounded up to 0.9286 euro. The share price is multiplied by this coefficient whereas the trading volume is divided by the same coefficient.

Based on the adjusted share price, in 2015, Colas' share price on the NYSE Euronext Paris stock exchange varied from a low of 120.25 euros (January 14, 2015) to a high of 148.90 euros (April 10, 2015) and ended the year at 140.80 euros, i.e. 14.4% higher than the share price as of December 31, 2014. For purposes of comparison, during this period the French CAC 40 stock market index rose 8.5% and the French SBF 120 stock market index rose 9.0%.

Without the adjustment, the share price rose 6.3%.

COLAS SHARE PRICE

Year	Month	Share price		Number of shares traded	Share capital (in millions of euros)
		Highest	Lowest		
2012	January	99.88	89.43	33,208	3.2
	February	108.64	94.26	62,582	6.1
	March	127.66	103.78	68,940	8.1
	April	128.13	108.64	34,103	4.0
	May	110.05	89.14	19,015	1.9
	June	101.42	92.89	5,814	0.6
	July	97.49	93.00	7,813	0.7
	August	102.14	92.86	11,734	1.1
	September	97.18	92.86	8,298	0.8
	October	116.07	92.90	35,337	3.7
	November	112.22	102.51	12,703	1.4
	December	110.13	103.16	73,894	7.8
2013	January	117.93	107.71	21,950	2.5
	February	115.05	107.95	34,452	3.9
	March	115.98	107.71	13,459	1.5
	April	118.39	105.11	21,785	2.5
	May	107.16	97.50	19,387	2.0
	June	102.14	95.64	20,020	2.0
	July	100.29	95.74	11,340	1.1
	August	106.79	99.82	19,906	2.1
	September	107.71	102.56	59,734	6.4
	October	114.91	104.93	33,745	3.7
	November	113.29	107.71	24,119	2.7
	December	115.38	107.90	29,461	3.3
2014	January	123.50	111.61	38,171	4.6
	February	129.77	119.65	45,174	5.6
	March	142.54	126.75	41,955	5.6
	April	145.79	133.71	32,921	4.6
	May	140.21	131.02	31,334	4.3
	June	141.14	134.18	19,532	2.7
	July	135.57	124.89	26,111	3.4
	August	126.38	120.71	16,893	2.1
	September	128.98	120.25	25,228	3.1
	October	124.89	112.82	26,360	3.1
	November	126.75	118.39	17,787	2.2
	December	127.21	121.27	18,510	2.3
2015	January	125.82	120.25	26,780	3.3
	February	139.19	124.89	61,136	8.0
	March	148.48	139.29	76,059	11.0
	April	148.90	135.60	117,439	17.3
	May	138.90	132.20	40,446	5.5
	June	139.50	128.00	45,866	6.1
	July	134.50	128.70	25,359	3.3
	August	134.50	127.60	23,572	3.1
	September	129.50	123.00	47,169	5.9
	October	140.95	126.50	60,511	8.1
	November	138.20	132.50	29,171	4.0
	December	140.80	130.40	28,962	3.9

SPECIAL REPORT ON SHARE BUYBACK PROGRAMS

2015 SHARE BUYBACK AND RETIREMENT PROGRAMS

Pursuant to articles L. 225-209 *et seq.* of the French Commercial Code, the Combined Shareholders' Meeting of April 14, 2015, in its twelfth resolution, renewed the authorization granted to the Board to buy back shares in the Company up to a maximum of 10% of the number of shares constituting the share capital, for a period of eighteen months. This authorization was used by your Company in fiscal year 2015, within the framework of a liquidity agreement. As of December 31, 2015, the Company had acquired 72,505 shares and sold 77,082 shares over the 2015 fiscal year. As of December 31, 2015, it held 7,980 shares for a total of 1,063,745 euros, i.e. an average share price of 133.30 euros.

Pursuant to article L. 225-211 of the French Commercial Code, the table below summarizes the transactions carried out as part of these operations over the course of the 2015 fiscal year:

Transactions carried out by Colas in its own shares during fiscal year 2015

Number of shares held by the Company as of December 31, 2014	12,557
Number of shares purchased during fiscal year 2015	72,505
Number of shares sold during fiscal year 2015	77,082
Number of shares held by the Company as of December 31, 2015	7,980
Value (based on purchase price) of shares held by the Company as of December 31, 2015 (in euros)	1,063,745

Breakdown of transactions by purpose

RETIREMENT OF SHARES

Number of shares retired during fiscal year 2015	–
Reallocations to other purposes	–
Number of shares held by the Company as of December 31, 2015	–

LIQUIDITY AGREEMENT

Number of shares purchased during fiscal year 2015	72,505
Number of shares sold during fiscal year 2015	77,082
Number of shares held by the Company as of December 31, 2015 under the liquidity agreement	7,980

2016 SHARE BUYBACK PROGRAM

Description of program and request for authorization from the Combined Annual and Extraordinary Shareholders' Meeting of April 13, 2016

Pursuant to the general regulations governing the AMF (*Autorité des marchés financiers*) in articles 241-1 *et seq*., a resolution has been submitted for the approval of the Combined Shareholders' Meeting of April 13, 2016 to renew this authorization, for a further period of eighteen months, to enable the Board to conduct transactions in shares of the Company, pursuant to article L. 225-209 of the French Commercial Code, up to a maximum of 10% of the total number of shares constituting the share capital, while at all times not exceeding the limit allowed under article L. 225-210 of the French Commercial Code. If granted, as of April 13, 2016, this authorization would replace that previously granted by the Combined Shareholders' Meeting of April 14, 2015 in its twelfth resolution.

The characteristics of the program are as follows:

Objectives:	retirement of any shares bought back; ensuring liquidity and an active market for Company shares through the intermediary of an investment services provider acting within the framework of a liquidity agreement in accordance with a code of ethics recognized by the AMF, with the understanding that the achievement of these objectives shall need to comply with applicable laws and regulations
Methods used:	purchase of shares through the intermediary of an investment services provider acting within the framework of a liquidity agreement in accordance with a recognized code of ethics
Maximum proportion of share capital:	326,545 shares, i.e. 1% of the current issued share capital
Maximum purchase price:	175 euros
Maximum amount payable by the Company:	57,145,375 euros based on the maximum purchase price
Financing methods:	Colas reserves the right to use its available cash or short and medium-term debt if additional needs exceed available cash from operations
Schedule:	eighteen months as of the date of authorization granted by the Combined Annual and Extraordinary Shareholders' Meeting (ASM and ESM, respectively) on April 13, 2016, i.e. until October 14, 2017

OVERVIEW OF AUTHORIZATIONS AS OF DECEMBER 31, 2015

Authorization	Maximum amount	ASM or ESM	Duration
Issuance of shares reserved for employees without preferential subscription rights (Resolution 20)	20% of share capital	14/04/2015	26 months
Issuance of shares or securities of any type, with or without preferential subscription rights (Resolutions 18, 19, 20, 21)	10 million euros	16/04/2013	26 months
Purchase to allow the Company to carry out transactions in its own shares (Resolution 12)	1% of share capital	14/04/2015	18 months
Retirement by the Company of its own shares (Resolution 17)	10% of share capital	14/04/2015	18 months
Share capital increase through the capitalization of share premiums, reserves or earnings (Resolution 22)	–	14/04/2015	26 months

Resolutions

In the resolutions presented to you, we submit the following resolutions for your approval:

RESOLUTIONS FOR THE ORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

We ask that you give your opinion as to: the approval of Colas' annual financial statements closed on December 31, 2015; the granting of discharge to the Board of Directors for the performance of its management duties; the approval of the consolidated financial statements; the appropriation of earnings, which amount to 104,980,455.13 euros with the distribution of a dividend of 5.45 euros per share for payment as of April 27, 2016; and the approval agreements concerned by articles L. 225-38 *et seq.* of the French Commercial Code (1st, 2nd, 3rd and 4th resolutions).

We propose that you:

- renew the appointments of two Directors for a term of two years, *i.e.* until the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2017 (5th and 6th resolutions);
- authorize the Board of Directors, within the legal framework set forth by articles L. 225-209 *et seq.* of the French Commercial Code, to purchase a maximum number of shares equal to 326,545 shares, in full and constant compliance with the share ownership ceiling set by article L. 225-210 of the French Commercial Code, with a view to retiring all the shares thus acquired and ensuring stock liquidity, in accordance with the provisions of European regulation no. 2273/2003 dated December 22, 2003 and Book II, Title IV of the General Regulations of the *Autorité des marchés financiers*. This authorization, which shall supersede that granted by the Ordinary Shareholders' Meeting of April 14, 2015, is requested for a period of eighteen months (7th resolution);
- render an opinion in favor of the items of compensation due and awarded to the Chairman and Chief Executive Officer, Hervé Le Bouc, in respect of fiscal year 2015 (8th resolution);
- grant full powers to carry out all necessary filings and formalities (9th resolution).

EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

Resolutions

RESOLUTIONS FOR THE EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

You are requested to vest the Board of Directors with the authority to:

- reduce the share capital by retiring the Company's shares the Company holds as the result of using various share-buyback authorizations granted by the Shareholders' Meeting to the Board of Directors, in one or more transactions, subject to a maximum of 10% of the share capital per twenty-four-month period. This authorization is requested for a period of eighteen months (10th resolution);
- grant full powers to carry out all necessary filings and disclosures (11th resolution).

We hereby request your decisions on these resolutions.

The Board of Directors

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 Commercial Code)

To the Shareholders,

Pursuant to the provisions of articles L. 225-37 and L. 225-68 of the French Commercial Code, 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 drafted by the General Secretary and the Chairman and CEO of Colas, submitted to the Audit Committee and subsequently approved by the Board of Directors at its meeting of February 22, 2016.

THE BOARD OF DIRECTORS

Overview of the organization of the Board of directors

MEMBERSHIP

As of its meeting of February 22, 2016, your Board consisted of the following eight Directors:

Hervé Le Bouc – Company Officer

François Bertière

Olivier Bouygues

Martine Gavelle – Independent Director

Jean-François Guillemin

Colette Lewiner – Independent Director

Philippe Marien – Permanent representative of Bouygues SA

Catherine Ronge – Independent Director

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

CHANGES IN MEMBERSHIP OF THE BOARD IN 2015

There were no changes in the membership of the Board of Directors in 2015.

RESOLUTIONS CONCERNING BOARD MEMBERSHIP SUBMITTED TO THE SHAREHOLDERS' MEETING

A proposal will be submitted to the Shareholders' Meeting of April 13, 2016 recommending the reappointment of two Directors for additional two-year terms: Catherine Ronge and Jean-François Guillemin.

If the Shareholders' Meeting of April 13, 2016 approves these two resolutions, the Board of Directors will remain unchanged and be composed of the following eight Directors:

- Hervé Le Bouc – Company Officer
- François Bertière
- Olivier Bouygues
- Martine Gavelle – Independent Director
- Jean-François Guillemin
- Colette Lewiner – Independent Director
- Philippe Marien – Permanent representative of Bouygues SA
- Catherine Ronge – Independent Director

The Board will include three female Directors among the eight total Directors, pursuant to the French law of January 27, 2011. The Board recognizes Martine Gavelle, Colette Lewiner and Catherine Ronge as Independent Directors.

Pursuant to the Afep-Medef Code and the commitments made at the beginning of 2014, more than one third of Directors are Independent Directors, which is the minimum recommended for controlled companies.

POTENTIAL CONFLICTS OF INTEREST

Directors make sure not to engage in any activity that could generate a conflict of interest with the Company. In particular, Directors do not hold any interests or investments in customers, suppliers or competitors of the Company, where such interests or investments could influence the way a Director performs his or her Board duties.

Directors and Company officers have agreed to inform the Board of Directors of any conflict of interest, existing or potential, between their duties to the Company and their private interests and/or other duties. Directors have also agreed not to take part in voting on any decision that concerns them directly or indirectly. If called for, the Director concerned may have to refrain from attending meetings of the Board of Directors as long as such decisions are being made and, where applicable, for the duration of voting on the resolutions. He or she may also have to forego access to any related documents or information brought to the attention of the other Directors.

The Statutory Auditors' special report on regulated agreements and commitments covers the agreements and commitments submitted for authorization by the Board and on which some Directors have abstained from voting because of existing or potential conflicts of interest.

MEETINGS

The Board of Directors meets five times each year to transact ordinary business (in January, February, May, August and November). In January, it reviews the three-year business plan; in February, it approves the financial statements for the previous fiscal year; in August, it reviews business activity and examines the financial statements for the first half of the year and analyzes Group performance and profit forecasts for the current year; in May and November, it reviews key business indicators and the Group's interim results. The agenda of Board meetings called to transact ordinary business is generally divided into three parts: current business activity and outlook; review of financial statements; and legal issues. A set of documents dealing with these matters is provided to each Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors has decided not to separate the roles of Chairman and Chief Executive Officer. The age limit for a Chairman and Chief Executive Officer, Chief Executive Officer, or Deputy Chief Executive Officer is 67 years old. When the Chairman and Chief Executive Officer, Chief Executive Officer, or Deputy Chief Executive Officer turns 65, his or her term in office can continue for a maximum of one year subject to confirmation by the Board of Directors at its next meeting. That appointment can then be renewed for a second one-year period, until the age of 67, at which time the person in question will automatically be deemed to have resigned.

COMMITTEES

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

Created in February 2003, the Audit Committee meets four times a year to review the consolidated and parent company financial statements in advance of the Board of Directors' Meetings. Since August 27, 2014, the Audit Committee has been made up of Philippe Marien (Chairman), Colette Lewiner and Catherine Ronge.

The Audit Committee's mission is to assist the Board in guaranteeing the accuracy, reliability and fair presentation of the financial statements and the quality of the information communicated, particularly to shareholders. It reviews the interim and annual financial statements and the internal financial results for the periods ending March 31 and September 30. It ensures that accounting methods and principles are appropriate, evaluates the main financial risks, examines internal control systems, and issues recommendations. Lastly, it determines the criteria for the appointment of Statutory Auditors and is notified of their work schedules and recommendations.

Created on April 17, 1991, the Selection and Compensation Committee is responsible for recommending to the Board the compensation and benefits for the Chairman and Chief Executive Officer, and periodically examining issues regarding the composition, organization and functioning of the Board of Directors, with the aim of making proposals to the Board. It is composed of Colette Lewiner (Chairperson with a casting vote) and Jean-François Guillemin.

Created on November 25, 2009, the Corporate Ethics and Patronage Committee is responsible for reviewing all alerts or situations that might expose the Group to ethics-related risks and the actions to be taken in such situations, as well as sponsorship and corporate patronage agreements for amounts over 20,000 euros. Its members are Jean-François Guillemin (Chairman), François Bertière, Martine Gavelle and Colette Lewiner.

Activity report of the Board of Directors for the fiscal year ended december 31, 2015

The Board met six times during fiscal year 2015. The average attendance rate at Board of Directors' meetings called to transact ordinary business was 95%.

The essential items on the agenda of these six Board meetings were as follows:

On January 16, 2015, the Board reviewed the three-year business plan for the 2015-2017 period (outlook and operational action plans).

On February 23, 2015, the Board approved the annual financial statements after having reviewed the report submitted by the Audit Committee, examined the financial statements, set the amount and payment terms and conditions of the dividend, approved the prospectus for the share buyback program, and recommended proposing at the Shareholders' Meeting the ratification of the co-option of a Director and the reappointment of six Directors, a Statutory Auditor and a Substitute Statutory Auditor for additional terms. The Board also examined the Group's business activity and results for 2014, developments in each of the Group's business segments, the Group's strategies and outlook for 2015, work-on-hand, industrial potential and future strategies, the year's investments, the investment budget for fiscal year 2015, and the Group's safety record. The Board approved the parent company and consolidated financial statements with the proposed appropriation of earnings, the compensation awarded to the Chairman, and the amount and allocation of Directors' fees under the authorization granted in the Shareholders' Meeting. The Board also convened the Combined Shareholders' Meeting. The Board approved the Chairman's special report on conditions governing the preparation and organization of the Board's work and on internal control procedures implemented by the Company. Lastly, an updated risk mapping covering the entire scope of Colas' operations was presented to the Board.

On May 7, 2015, the Board reviewed the position of the Company and its subsidiaries for the first quarter of 2015.

On July 23, 2015, the Board authorized a regulated agreement involving the off-plan leasing of an office building.

On August 25, 2015, the Board reviewed the position of the Company and its subsidiaries for the first half of 2015, reviewed work-on-hand, discussed the status of investments, and approved the consolidated financial statements for the period ending June 30, 2015. The Board expanded the Ethics Committee, changed its name to the Corporate Ethics and Patronage Committee and approved its internal rules and regulations. Two acquisitions were reviewed.

On November 9, 2015, the Board reviewed the Group's business activity in the third quarter of 2015 and interim financial statements for the period ending September 30, 2015. Transactions involving the sale of equity investments and subsidiaries in Asia and an acquisition project were reviewed.

Operations of the committees established by the Board

AUDIT COMMITTEE

The Audit Committee met four times during the year: February 19, April 24, August 24 and November 5, 2015. The attendance rate at these meetings was 83%. During these meetings, the Audit Committee reviewed the Group's accounting methods, the scope of consolidation, financial highlights and segment information.

In February, the Committee reviewed significant events, significant transactions during the fiscal year, changes in accounting rules and methods, changes in scope, segment information, major projects, trade receivables, disputes and litigation, as well as deferred taxes and the results of impairment tests. An updated risk map and a summary of the internal control self-assessment campaign were also reviewed. Lastly, the Committee made a recommendation on the reappointment of a Principal Statutory Auditor and a Substitute Statutory Auditor for additional terms.

In April, the items reviewed were the significant facts for the quarter, segment information, major projects, progress on the plan to restructure the SRD subsidiary, and a transaction involving an exchange of assets in the United States. The internal control campaign targets and progress on the audit program were also examined.

In August, the Audit Committee examined segment information, revenue and operating profit, non-current assets, an updated progress report on several major projects and the Company's main estimates. The Statutory Auditors presented their audit approach for 2015. A quarterly report on internal audit for 2015 was presented.

In November, the Committee reviewed the consolidated financial statements for the period ended September 30, 2015, including significant events (changes in the refinery activity with the announcement of a post-closure job protection plan) and legal disputes. The specific issues examined were the refining business and the consequences of the depreciation of Venezuela's currency. The Statutory Auditors presented their overall audit program and the new method for selecting subsidiaries which took effect in the third quarter of 2015. An update on Statutory Auditor fees was presented. Guidelines for the internal audit program were decided.

At these four meetings, the Audit Committee recommended that the Board approve the financial statements without issuing any changes or comments.

SELECTION AND COMPENSATION COMMITTEE

The Selection and Compensation Committee met in February 2015 to review the compensation awarded to Hervé Le Bouc, Chairman and Chief Executive Officer, and to make its recommendations.

INTERNAL CONTROL PROCEDURES WITHIN THE COMPANY

Colas, as head entity of a group of 50 main companies located in some thirty countries, implements internal control procedures in line with its business strategies to ensure the best possible supervision of its operations and the associated risks, whether operational, financial or legal. The objective is to ensure that the accounting and financial information presents a fair view of Company and Group business activities and to ensure that management decisions, transactions carried out and courses of action pursued by employees comply with regulations and the guiding principles and best practices to which Colas adheres. Risk management has always been a key management principle at Colas, espoused by its senior executives and managers who base their actions on principles and procedures that have been in use over a long period of time.

As with any internal control system, the Company is not able to fully guarantee that the risks that it is designed to prevent are completely eliminated.

Reference framework

The Colas Group applies the internal control reference framework published by the *Autorité des marchés financiers* (AMF) in January 2007.

Scope of application of internal control

The Group's internal control procedures apply to Colas and to all directly controlled subsidiaries in which the parent company holds an ownership interest greater than 50% (including the subsidiaries of these entities).

Organization and monitoring of internal control procedures

ORGANIZATION OF THE GROUP AND INTERNAL CONTROL PROCEDURES

Organizational principles

- business activities pursued by subsidiaries: virtually all of the Group's business activities are conducted by subsidiaries, a very large majority of which are wholly owned by Colas, the parent company;
- high level of decentralization, so that decision-making takes place at the most appropriate and most efficient level: this organization is based on a limited number of hierarchical tiers, generally three main levels of responsibility. Each manager performs his or her role by virtue of delegations of powers granted to operational and functional managers at different hierarchical levels, which are exercised in the context of general directives;

• financial and economic responsibility assumed by independent legal entities (legal and financial identity);

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

• integrated management tools facilitating the monitoring and supervision of production activities through the use of software modules covering all management and accounting functions, supplemented by software for reporting and consolidation operations. The software tool deployed across all French road construction subsidiaries offers complete coverage of operations, from contract acquisition to execution, including budgeting and procurement. This software tool interfaces with manufacturing tools and production equipment. It is intended to boost efficiency and simplify control of operations in profit centers. Harmonization of the information systems used for accounting, finance and human resources is ongoing. A single software application has been operational in Mainland France since January 1, 2005. A major update of this application and associated processes is currently under way. The number of software applications used in these fields internationally has gradually been narrowed down to a handful of solutions and will benefit from work that has been carried out in Mainland France.

Organization of business activities

Both in France and worldwide, business activities are performed by work centers or production 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 teams, who aim to achieve specific financial and quality objectives. These centers are united under regional subsidiaries (in France) and/or national subsidiaries (outside France). Each of these subsidiaries has its own Executive Management team, generally a Chairman and Chief Executive Officer supported by functional managers responsible for directing, developing and overseeing all operations of their subsidiary.

In 2015, three Executive Management units directed, supervised and monitored these subsidiaries grouped as follows:

• Roads in Mainland France, Waterproofing, Safety and Signaling;

• North America;

• International (excluding the Americas), Networks.

The Railways and Refinery sectors report directly to the Chairman and Chief Executive Officer.

Main internal control procedures

All subsidiaries and Managing Directors benefit from the assistance of the functional departments of Colas, which provide their expertise (procurement, internal audit, accounting and consolidation, sales, communication, environment, finance, legal matters, marketing, risks and insurance, equipment, research and development, human resources and information systems). These departments 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, held at least once or several times each year, bring together all Group managers for each business line to share experiences, disseminate information and keep abreast of the latest developments.

Staff at the subsidiaries have access to Group Management Principles, a booklet covering the essential rules, procedures and standards of conduct applicable within the Group, all of which reflect the values defining the Colas spirit and culture, as well as a code of business ethics and compliance programs developed by Bouygues, the parent company of Colas, to which Colas and its subsidiaries unreservedly subscribe.

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-standing and newly integrated subsidiaries). The strategy pursued by the Group for many years focuses on growth and expansion achieved through the application of prudence, rigor and control. The transparency of the internal control procedures contributes to compliance with these "Group Management Principles". The sharing of these principles is backed by the skills and expertise of employees, a large number of whom have been working within the Group for many years, motivated by a system based on regular internal promotion, or who have joined the Group as a result of its many acquisitions and who share these values, already embraced in the entities or acquired once they are integrated within the Group.

Anticipating skills requirements and the development of talent are priority objectives of the Group's human resources policy, as is a policy for protecting the life, health and safety of all employees.

Supervision and control of operations

• Work-on-hand, revenue and profit in a highly decentralized group

Given the nature of the road construction business and other specialized activities pursued by Colas, the Group manages orders for, executes and accounts for approximately 80,000 projects each year. In addition to thousands of smaller, short-term projects, Colas regularly handles a number of major projects in France and especially outside of France. Engineering studies and order management are under the responsibility of the operating managers in charge of some 800 construction business units and 2,000 materials production units worldwide. Bids for either large-scale projects or those considered to be exceptional due to their characteristics or complexity, as well as projects in new markets (these elements are defined in detail in the internal procedures and/or delegations of powers) as well as bids for long-term operations such as public-service contracts (concessions, public-private partnerships, private finance initiatives) are subject to prior approval by a contract committee at the subsidiary level, the Executive Management unit responsible for the geographic area, or the Executive Management of Colas. Dedicated information technology tools are used to monitor project performance. The validity of these arrangements is verified by the Executive Management functions of the Group's various subsidiaries. Contracts resulting in revenue in excess of 20 million euros at the conclusion of work are reported to the Audit Committee twice yearly.

• **Acquisitions and disposals**

As any acquisition process exposes the Group to risk, all proposals for the creation, acquisition or disposal of an entity (securities or assets) or of property assets must first be presented in the form of a specific investment or divestment request, including a set of supporting documents defined in the guide to internal procedures. These projects are presented to the Group's Executive Management and are reviewed before being presented to the Board of Directors of the subsidiary that is considering the acquisition or disposal.

• **Objectives and action plans in the area of sustainable development are monitored on a regular basis, particularly in relation to:**

– health and safety: safety in the workplace and during employee transportation is a priority for every Group company. A system has been developed to control, monitor and report on these indicators;

– environment: compliance with environmental regulations is verified on a regular basis. The Group is in the process of obtaining ISO certification in quality and environmental management, with the aim of receiving certification for all production facilities. Analysis systems (worldwide checklists) have been implemented and give rise to shared action plans. An Environment Department at the Colas parent company works through a network of representatives in all subsidiaries. It enforces guidelines laid down by Executive Management, granting subsidiaries broad autonomy to best adapt these measures to address specific local issues;

– business ethics: for many years, guidelines have been established and disseminated to promote compliance with business ethics and standards of integrity. These have been included in a brochure and summarized on the first page of the management principles and Code of Ethics brochure issued to employees by the Bouygues Group (of which Colas is a subsidiary). At the end of 2014, this code was supplemented by a compliance program built around four topics (competition, conflicts of interest, preventing corruption, and financial disclosures and stock market transactions). Considering how decentralized our businesses are, the broad cultural diversity that is inherent in the Colas Group, and the very large number of employees that are concerned by the compliance programs, these programs will be progressively deployed starting in 2016, beginning in France.

A Compliance Officer, who reports to Colas' Chairman and CEO, was appointed in April 2015. This person is responsible for overseeing the operational deployment of the compliance programs in the Group's various entities.

In 2015, the role of the Corporate Ethics and Patronage Committee was defined in its new internal rules and regulations. Two Independent Directors were appointed to the Committee, bringing its members to a total of four. The Committee met for the first time in February 2016, in order to review corporate sponsorship and patronage transactions above 20,000 euros and to present the procedure and timetable for the deployment of the compliance programs.

In late December 2015, a whistle-blowing procedure for the Colas Group was submitted for information and consultation to the staff representative bodies of Colas SA.

The training campaign in business ethics, which includes the compliance programs, was systematically deployed in 2015 and resulted in the training of over 90% of management staff in most French subsidiaries. This campaign will be continued and extended to all French subsidiaries in 2016.

. In France, in addition to the initiatives held at Colas Universities, specific training is offered at subsidiaries for operational and functional middle managers and team leaders. This training systematically includes ethics and the implementation of compliance programs. The topic of ethics is also discussed at subsidiaries' executive management committee meetings, regional meetings and business unit managers' meetings.

. Outside France (excluding North America), information and training is offered to the main managers in the areas where the Group has locations. This training, which is conducted by the subsidiaries, was expanded in 2015 to include more operational and functional managers.

. The subsidiaries in North America continued their roll-out of a specific communication and training program on ethics.

In the United States, in January, each subsidiary asked its employees to reaffirm their commitment to the Right Turn code of conduct. Each new employee receives a copy of this code and agrees in writing to observe its principles. Training sessions for managers and worksite supervisors were also held on the topic of fraud in public-sector contracts. Two four-hour ethics seminars were offered at Colas Universities in North America. In parallel, each subsidiary regularly holds local training sessions on ethics-related topics. The online ethics training program also continued in 2015. As part of this program, all employees of subsidiaries in the United States who have an e-mail address received a quarterly questionnaire on fraud, conflicts of interest, discrimination and behavior at work. Lastly, all offices and hiring locations display the dedicated ethics hotline which anyone can call anonymously. Cards listing the dedicated phone numbers and website were also distributed. In 2015, 25 alerts were handled in the United States.

In Canada, a third version of the ethics training program was developed and finalized in early 2015, focusing more specifically on conflicts of interest, Canadian competition law and fraud. Nineteen training programs of this type were offered over the course of the year, attended by around 670 employees. In addition to this, in October and November of 2015, 80 people took part in two compliance program training sessions for the executive management staff and senior operational and functional managers of Canadian subsidiaries.

• Procedures with regard to preparing, processing and monitoring financial and accounting information

The main documents, procedures and tools used for the communication of accounting and financial information are based on accrual accounting. This allows for monitoring worksite cost schedules, as well as for preparing activity reports by subsidiary and/or country and monthly statements of after-tax profit (monthly for subsidiaries and the Group), which are consolidated. This information provides data on the Group's revenue, order intake, main financial indicators and consolidated net profit on the 15th of each month following the month of operations. These figures are compared monthly with the bi-annual budgets and the quarterly balance sheets and income statements, at the level of each subsidiary and each Executive Management Department. The net consolidated cash or debt position is prepared on a daily basis for all companies located in Mainland France and on a monthly basis for the Group. These figures are reconciled with monthly forecasts over a three-month period. Meetings are organized throughout the year with the main senior executives in charge of operating the subsidiaries, to analyze changes in business activity, the economic situation, strategy and issues relating to current affairs.

The Accounting and Consolidation Department is in charge of preparing and analyzing consolidated financial and accounting information. It sets out and monitors accounting procedures, rules and policies in accordance with IFRS. For the 2015 financial statements, 425 consolidation reporting packages were processed for a scope of consolidation covering 555 entities. Personnel involved included 12 staff at Colas, about 200 at the headquarters of subsidiaries based in Mainland France, 450 at operating entities and, outside France, some 150 staff at headquarters and 300 at operating entities or worksites, giving a total of more than 1,100 people.

In France and abroad, cash management is centralized whenever possible. Financial flows in Mainland France and abroad are subject to Group procedures, to ensure maximum security and to minimize fraud risks.

• Procedure for the coverage of risks through insurance

Risk management policy focuses on people, production and transport assets, worksites and manufactured products. These risks are identified and analyzed based on prior experience where possible. The primary focus is placed on prevention in order to reduce the frequency and impact of incidents. One aspect of the policy, which is important in Colas' field of work, is to treat both road and railroad worksites on a cost-splitting basis. The Group consistently communicates any lessons learned from previous incidents to all levels within the Company and across all business segments. Risks of loss are monitored by functional departments, particularly the legal department of each subsidiary, under the authority of its Chairman and CEO. These risks are systematically entered in a database updated in real time by subsidiaries. Colas parent company's Risk and Insurance Department supervises and contributes its expertise where required to help manage these risks. Estimated losses are managed at all levels by prevention, legally transferring the risk, maintaining the risk or insuring the risk. Insurance cover is required for all major risks. Transfer to insurance is conditional upon defining and assessing the risk (probability of the damage occurring). The insurability of the risk remains subject to the constraints of the insurance market. Some risks are insured under Group policies that Colas manages on the basis of the information provided by subsidiaries, while others may be optionally included in existing policies to which subsidiaries must subscribe. Outside France, some insurance policies are subscribed locally to comply with local laws, or to cover frequency risks that must be managed locally. Liability insurance policies cover third-party claims and mainly include mandatory automobile insurance as well as civil liability for worksites, products, operating premises, and ten-year guarantee insurance. Policy coverage is adapted to risk exposure and generally exceeds 5 million euros. Property damage insurance covers damage affecting property included in the companies' asset base. Coverage amounts are generally equivalent to the value of the assets. For work under construction, a specific insurance policy is purchased when there is a contractual obligation.

MONITORING AND SUPERVISION OF THE SYSTEM

In 2015, Colas continued its efforts to constantly improve and adjust its internal control procedures.

Progress in the development of internal control procedures

This project was launched in September 2007, in close collaboration with Bouygues SA, Colas' parent company. The internal control system covers all Colas Group companies. The project uses input from exchanges with other functions within the Bouygues Group, addressing cross-functional issues consistently, while taking into account the characteristics specific to Colas.

This process for improving Colas' internal control procedures takes the form of an annual self-evaluation of the internal control principles and risk management based on mapping the risks, which is updated each year when the three-year business plan is produced. The risks map is presented to the Board of Directors when it meets to approve the financial statements for the year.

The annual self-evaluation of the principles of Colas' internal control framework covers all Colas business segments. There are 545 principles, comprised of 309 general principles and 236 accounting and financial principles, including 69 that are specific to the Group's business lines. Together they form Colas' internal control framework.

• These principles are reviewed at the various subsidiaries in the form of a self-evaluation, with each principle assigned a score of 1 to 4, depending on the official procedures employed and the extent to which the principle is applied at the entity. Each assessment provided by a respondent best able to evaluate the extent of application of a given principle in the subsidiary is then validated and commented on by a validator, generally the manager of the entity or an individual delegated to perform this role.

• A score of 1 or 2, indicating that a principle was not applied or, more frequently, that the application of a given principle was partially or insufficiently documented, results in an observation with recommendations concerning action plans to be implemented locally or in a generalized fashion depending on the analysis.

• With the aim of ensuring consistency and renewing the internal control implementation approach within the Group, the format of the annual evaluation to ensure these principles are observed has been updated, and is now based on a three-year self-evaluation cycle:

– two years out of three, the Group campaign will focus on principles related to the main risk factors covered in the most recently published report of the Board of Directors. Every third year, self-evaluations will go back to covering all principles,

– any newly acquired entities must cover all the principles of Colas' internal control framework in their first annual self-evaluations before aligning themselves with the Group's three-year cycle.

In 2015, 186 principles related to the Group's main risk factors were assessed by 63 subsidiaries and companies (in France and internationally) representing 99.2% of Colas' consolidated revenue.

• The assessment of the proper application of the Colas internal control framework involved the participation of the Chairmen and CEOs, the human resources, legal, administrative and financial managers of subsidiaries, the functional division heads at the Colas parent company and the Managing Directors.

• Each subsidiary was asked to continue deploying evaluations on the operating units, using the internal control system rolled out in the Group in 2011. Consequently, 81 of the 545 principles that make up Colas' internal control framework were assessed at the entity level. Their assessments then contributed to the final assessments of the subsidiary's respondents and validators.

This new general evaluation of internal control principles has revealed good overall management of operations and processes in most subsidiaries and steady improvement in determining those responsible for each process and in complying with the Group's management principles.

Main actions taken in 2015:

• the launch of four compliance programs (on competition, anti-corruption measures, conflicts of interest, financial disclosures and stock market transactions) which were developed by Bouygues SA, the Colas Group's parent company, and the appointment of a Compliance Officer in April 2015;

• increasing the security of financial transactions, especially international payment methods, with the application of new procedures enacted by Colas SA's Finance Department in July 2014;

• continuing the deployment, by Colas SA's Purchasing Department in collaboration with the subsidiaries, of purchasing and/or procurement management procedures in France and internationally.

Some Group actions planned for 2016:

• continuing the deployment of compliance programs throughout the Group;

• more business ethics training seminars under multi-year programs;

• continuing the deployment of purchasing and/or procurement management procedures, especially outside France;

• continuing plans to adapt business activity in France to the economic context.

These initiatives will be supplemented by local action plans with aims such as formalizing organizational and administrative procedures and the delegation of authority.

Risk mapping

In response to the risk mapping campaign launched by Colas' Chairman and CEO, the senior management of each major region and business line updated its risk map and associated action plans. This initiative combines a bottom-up and top-down approach.

A summary report on this was presented at the Board of Directors meeting in February 2015 and at the preceding Audit Committee meeting.

Although this effort confirmed that Colas has relatively little exposure to systemic risks, it showed that sudden economic downturns in some of the Group's regions and markets do present a risk, due to the difficulty that some local entities have in rapidly adjusting to changes in market conditions.

Internal control monitoring

All internal control staff are responsible for operating and monitoring the internal control system. Their work is coordinated by an internal control manager at the parent company who liaises with a network of correspondents at the national or regional subsidiaries.

The Internal Audit Department's audit program includes verifying compliance with internal control rules and the quality of evaluation.

In 2015, the Group's Internal Audit Department, which reports to the General Secretary, was composed of ten auditors led by an audit and internal control manager.

The main objectives of an internal audit are to:

• assess the systems that the subsidiaries and other audited entities have set up to manage their risks, protect their assets, and ensure the reliability of accounts and reporting information, the observance of Group rules, procedures and objectives, and compliance with laws and regulations;

- make proposals to improve the audited entity's operations and efficiency in accordance with best practices. The internal audit team's responsibilities include monitoring the observance of Colas' internal control principles, the results of annual self-evaluations and the implementation of action plans to improve the internal control system;

- monitor compliance with audit recommendations over a period of twelve to eighteen months.

The annual audit program is approved by the Chairman and by the Audit Committee in the 3rd quarter of the preceding year. It generally includes an average of a dozen audits of French and international entities. The program gives priority to recently acquired entities and those that have not been audited over the past five years.

The international subsidiaries audited in 2015 were Colas Rail in Morocco and Algeria, Colas West Africa, Colas Belgium, Reeves (United States), Standard General Edmonton (Canada) and Colas Guyane. French subsidiary Colas Midi-Méditerranée was also audited.

Internal auditing also includes more specialized and technical assignments, for example involving specific worksites and laboratories.

The findings of each audit are reported to the Chairman, Colas functional managers, the Executive Management of the appropriate country or region, and the management bodies of the audited entity. A copy of this report is systematically sent to the Statutory Auditors, who in turn provide the Internal Audit Department with their reports on the Group's companies. Each audit summary report includes a list of recommendations for the audited entity's management bodies and the entity has two months to draw up an action plan. The Statutory Auditors are informed of the annual internal audit program. Regular meetings between internal and external auditors are scheduled to enable them to exchange information on their work and organize their assignments in a complementary manner.

The Statutory Auditors are provided with a copy of the standard internal control procedures. A report on fiscal year 2015 self-evaluation results was presented to the Accounts Committee on February 18, 2016 and made available to the Statutory Auditors to enable them to include additional accounting and financial verifications. The self-evaluation findings will also be used to plan internal auditing work, in collaboration with the Statutory Auditors. The Statutory Auditors are also informed of the accounting and financial principles observed by the French subsidiaries, as revealed by their self-evaluations.

The objective of the internal control system is to enable Colas to achieve stable and profitable growth. It therefore focuses on preventing and mitigating operational and other risks, with the primary objective of ensuring that financial statements and accounting documents are reliable and provide a true and fair image of Colas to its shareholders, customers and employees.

Efforts to improve and update the internal control system will be pursued. Since internal control cannot however provide absolute assurance, continual vigilance will always be necessary.

The Chairman

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors

FISCAL YEAR ENDED DECEMBER 31, 2015

This is a free translation into English of the Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors issued in French and is provided solely for the convenience of English-speaking readers.
This report on the report of the Chairman of the Board of Directors should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Colas and in application of the provisions of article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company, in accordance with the provisions of article L. 225-37 of the French Commercial Code, for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented at the Company and to provide the other information required by article L. 225-37 of the French Commercial Code, relating in particular to corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of the accounting and financial information;
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code, with the understanding that our role is not to verify the fairness of this other information.

We performed our procedures 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 applicable professional standards require us to perform our procedures so as to be able to assess the fair presentation of the information in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures consist 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 of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code.

Paris-la Défense and Courbevoie, February 22, 2016

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat Partner	Guillaume Potel Partner	Gaël Lamant Partner

Appendix to the report of the Board of Directors

Offices or positions held in all companies by Company officers (article L.225-102-1 of French Commercial Code)

Name of company	Type	Office or position in the company	Registered office
Hervé LE BOUC			
Colas	SA	Director, Chairman and Chief Executive Officer	7, place René-Clair – 92100 Boulogne-Billancourt – France
Bouygues	SA	Director	32, avenue Hoche – 75008 Paris – France
Bouygues Immobilier	SA	Director	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Colas Inc.	Inc.	Director	163 Madison Avenue, suite 500 – NJ 07960 Morristown – United States
Colas Canada	Inc.	Director	4984 place de la Savane, Bureau 150 Montreal, Quebec H4P 2M9 – Canada
Colasie	SA	Director, Chairman and Chief Executive Officer	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Centre-Ouest	SA	Permanent representative of IPF (up to June 30, 2015)	Échangeur Nantes – France – BP 90783 2, rue Gaspard-Coriolis – 44307 Nantes – France
Colas Midi-Méditerranée	SA	Permanent representative of Colas (up to June 30, 2015)	345, rue Louis-de-Broglie – La Duranne 13792 Aix-en-Provence – France
Colas Nord-Picardie	SA	Permanent representative of SPP (up to May 20, 2015)	197, rue du 8-mai 1945 – BP 10135 – 59653 Villeneuve-d'Ascq Cedex – France
Colas Rail	SA	Permanent representative of IPF	44, rue Jean-Mermoz 78600 Maisons-Laffitte – France
Colas Sud-Ouest	SA	Permanent representative of SPP (up to June 15, 2015)	6, avenue Charles-Lindbergh 33700 Mérignac – France
Aximum	SA	Permanent representative of IPF	41, boulevard de la République 78400 Chatou – France
Échangeur International	SNC	Permanent representative of Colas	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation Colas	FDT	Chairman	7, place René-Clair 92100 Boulogne-Billancourt – France
Hincol	Ltd	Director	5 H Floor Richardson – Crudas Build Sir JJ Road BY 400008 Mumbai – India
Isco	Ltd	Director	Je-il bldg 94/49 Youngdeungpo – dong 7 ga Yougdeundpo – dong 140988 Seoul – Republic of Korea
Sacer Atlantique	SA	Permanent representative of Spare (up to April 9, 2015)	Échangeur Nantes – BP 90783 2, rue Gaspard-Coriolis – 44307 Nantes – France
Screg Est	SA	Permanent representative of Colas (up to April 8, 2015)	44, boulevard de la Mothe – 54000 Nancy – France
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Permanent representative of Colas	2/4, allée Latécoère 78140 Vélizy-Villacoublay – France
Tipco Asphalt (Tasco)	SA	Director	Tipco, 118/1 Rama 6 road – Samsen Nai, Phayathai – 10400 Bangkok – Thailand
Colas Émulsions	SACS	Representative of Colas on the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco
Grands Travaux Routiers	SACS	Representative of Colas on the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco

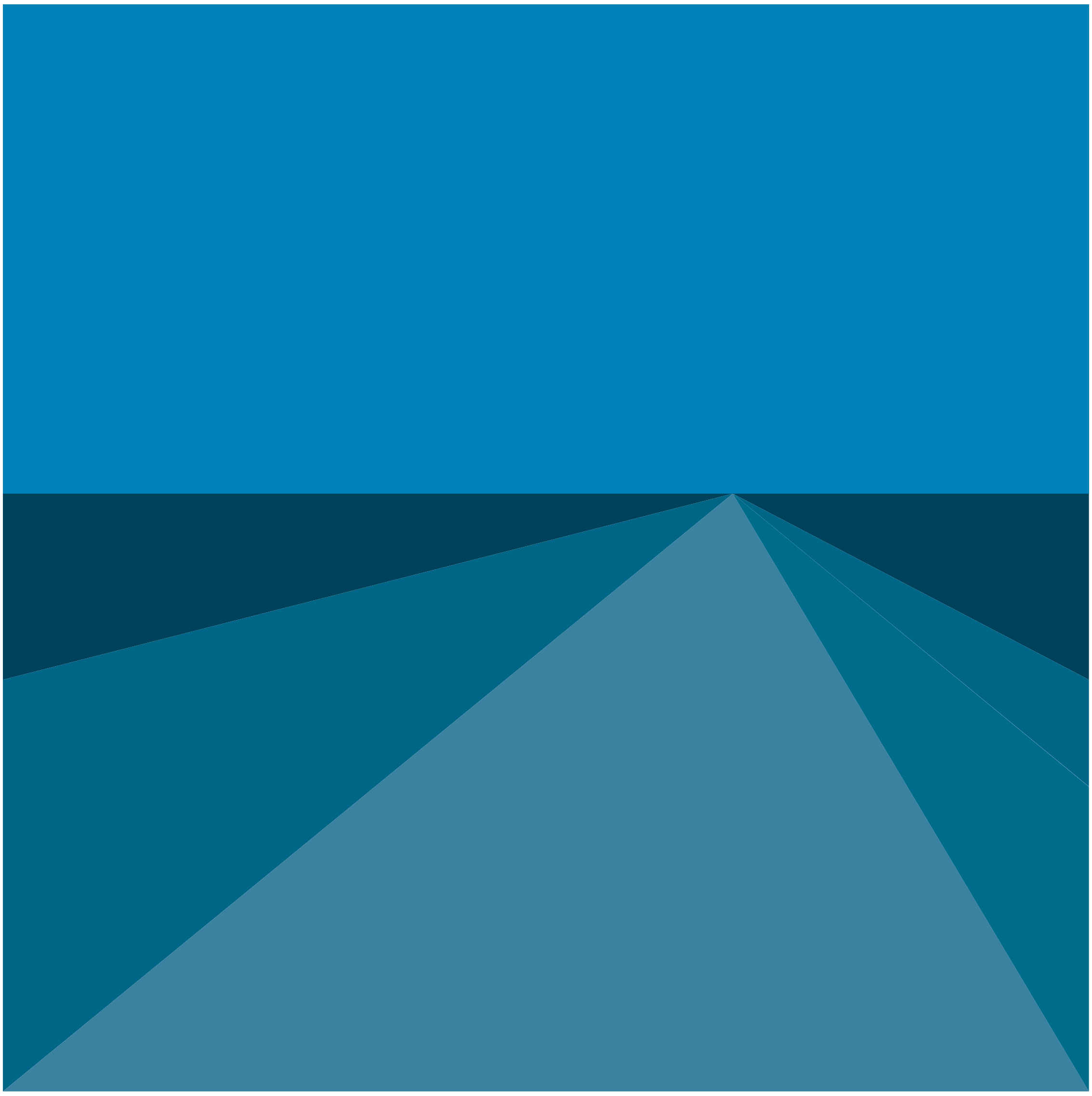
Name of company	Type	Office or position in the company	Registered office
François BERTIÈRE			
Bouygues	SA	Director	32, avenue Hoche – 75008 Paris – France
Bouygues Immobilier	SA	Director, Chairman and Chief Executive Officer	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation d'Entreprise Bouygues Immobilier	FDT	Member of the Board of Directors, Chairman	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Fondation d'Entreprise Francis Bouygues	FDT	Member of the Board of Directors	32, avenue Hoche – 75008 Paris – France
Centre Scientifique et Technique du Bâtiment	EP	Director	84, avenue Jean-Jaurès – Champs-sur-Marne 77447 Marne-la-Vallée – France
Olivier BOUYGUES			
Bouygues	SA	Permanent representative of SCDM Deputy Chief Executive Officer	32, avenue Hoche – 75008 Paris – France
Bouygues Construction	SA	Director	1, avenue Eugène-Freyssinet 78065 Guyancourt – France
Bouygues Europe	SA	Director, Chairman and Chief Executive Officer	52, avenue de Cortenberg – 1000 Brussells – Belgium
Bouygues Telecom	SA	Director	37-39, rue Boissière – 75116 Paris – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Alstom	SA	Director	3, avenue André-Malraux 92300 Levallois-Perret – France
Sagri-E	SAS	Chairman	32, avenue Hoche – 75008 Paris – France
Sagri-F	SAS	Chairman	32, avenue Hoche – 75008 Paris – France
SCDM Energy Limited	Ltd	Chairman	50 Cannon Street – EC4N 6JJ London United Kingdom
Seci	SA	Director, Chairman and Chief Executive Officer	34, avenue Houdaille – Tour Sidam BP 4039 Abidjan – Côte d'Ivoire
SCDM	SAS	Managing Director	32, avenue Hoche – 75008 Paris – France
Télévision Française 1 (TF1)	SA	Director	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France
Martine GAVELLE			
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Jean-François GUILLEMIN			
Bouygues Telecom	SA	Permanent representative of Bouygues	32, avenue Hoche – 75008 Paris – France
Bouygues Construction	SA	Director	1, avenue Eugène-Freyssinet 78065 Guyancourt – France
Bouygues Immobilier	SA	Director	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Bouygues Europe	SA	Director	52, avenue Cortenberg – 1000 Brussels – Belgium
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation d'Entreprise Francis Bouygues	FDT	Member of the Board of Directors	32, avenue Hoche – 75008 Paris – France
Université Paris II – France	EP	Director	12, place du Panthéon 75231 Paris Cedex 5 – France
PRES Sorbonne Université	EP	Director	12, place du Panthéon 75231 Paris Cedex 5 – France

Name of company	Type	Office or position in the company	Registered office
Colette LEWINER			
Bouygues	SA	Director	32, avenue Hoche – 75008 Paris – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Nexans	SA	Director	8, rue du Général-Foy – 75008 Paris – France
Eurotunnel	SA	Director	3, rue de la Boétie – 75008 Paris – France
Philippe MARIEN			
Bouygues Telecom	SA	Permanent representative of Bouygues	32, avenue Hoche – 75008 Paris – France
Télévision Française 1 (TF1)	SA	Permanent representative of Bouygues	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France
Colas	SA	Permanent representative of Bouygues	7, place René-Clair 92100 Boulogne-Billancourt – France
Alstom	SA	Permanent representative of Bouygues	3, avenue André-Malraux 92300 Levallois-Perret – France
Bouygues Immobilier	SA	Permanent representative of Bouygues	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Bouygues Construction	SA	Permanent representative of Bouygues	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Finamag	SC	Liquidator	19, route des Gâtines 91370 Verrières-le-Buisson – France
SCDM	SAS	Managing Director	32, avenue Hoche – 75008 Paris – France
Bouygues Europe *(Belgian law)*	SA	Director	52, avenue Cortenbergh – 1000 Brussels – Belgium
C2S	SA	Permanent representative of Bouygues	3, rue Alfred-Kastler – 78280 Guyancourt – France
Uniservice *(Swiss law)*	SA	Director	Rue du Conseil Général 3 1203 Genève – Switzerland
Catherine RONGE			
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Inneva	SAS	Chairwoman	2, rue de la Comète – 75007 Paris – France
Inneveox	SA	Director	21, rue de la Paix – 75002 Paris – France
Paprec Holding	SA	Director	7, rue du Docteur-Lancereaux – 75008 Paris – France
Weave Air	SAS	Chairwoman	37, rue du Rocher – 75008 Paris – France

Name of company	Type	Office or position in the company	Permanent representative	Registered office
BOUYGUES				
Bouygues Telecom	SA	Director	Jean-François Guillemin	32, avenue Hoche – 75008 Paris – France
Bouygues Construction	SA	Director	Phillippe Marien	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Bouygues Immobilier	SA	Director	Phillippe Marien	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
C2S	SA	Director	Phillippe Marien	3, rue Alfred-Kastler 78280 Guyancourt – France
Télévision Française 1 (TF1)	SA	Director	Phillippe Marien	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France
Alstom	SA	Director	Phillippe Marien	3, avenue André-Malraux 92300 Levallois-Perret – France
Colas	SA	Director	Phillippe Marien	7, place René-Clair 92100 Boulogne-Billancourt – France
32 Hoche	GIE	Director	Philippe Metges	32, avenue Hoche – 75008 Paris – France
Fondation Dauphine	FDT	Member of the Board of Directors	Georges Colombani	Place du Maréchal-de-Lattre-de-Tassigny – 75775 Paris Cedex 16 – France
GIE Registrar	GIE	Member of the Board of Directors	Gaëlle Pinçon	14, rue Rouget-de-Lisle 92130 Issy-les-Moulineaux – France
Organisme gestionnaire du Centre Gustave Eiffel		Member of the Board of Directors	Charles-Henri Burgelin	30, route de Longjumeau 91385 Chilly-Mazarin – France

Consolidated Financial Statements of the Colas Group

AT DECEMBER 31, 2015



Consolidated balance sheet at December 31

in millions of euros	Notes	2015	2014
Property, plant and equipment	3.2	2,392	2,444
Intangible assets	3.3	86	96
Goodwill	3.3	507	518
Investments in joint ventures and associates	3.4	307	263
Other non-current financial assets	3.6	212	211
Deferred taxes and non-current tax receivable	3.7	165	156
Non-current assets		**3,669**	**3,688**
Inventories	4.1	511	658
Trade receivables	4.1	2,360	2,567
Tax asset (receivable)	4.1	124	109
Other current receivables and prepaid expenses	4.1	543	576
Cash and cash equivalents	4.2	848	1,044
Financial instruments	17	18	19
Current assets		**4,404**	**4,973**
Held-for-sale assets		–	–
TOTAL ASSETS		**8,073**	**8,661**
Share capital and share premium		384	384
Retained earnings		1,993	1,874
Treasury shares		(1)	(2)
Translation reserve		83	55
Consolidated net profit/(loss)		234	604
Equity attributable to the Group		**2,693**	**2,915**
Non-controlling interests		31	30
Equity	5	**2,724**	**2,945**
Non-current debt	8	176	208
Non-current provisions	6.1	837	837
Deferred tax liabilities and non-current tax liabilities	7	73	88
Non-current liabilities		**1,086**	**1,133**
Advances and down-payments received on orders		293	377
Current debt	8	44	56
Current taxes payable		57	46
Trade payables		1,763	1,937
Current provisions	6.2	348	301
Other current liabilities	10	1,672	1,749
Overdrafts and short-term bank borrowings		62	88
Financial instruments	17	24	29
Current liabilities		**4,263**	**4,583**
Liabilities associated to assets held for sale and discontinued operations		–	–
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,073**	**8,661**
Net surplus cash/(net debt)	9	**560**	**682**

Consolidated income statement

in millions of euros	Notes	2015	2014
Revenue[1]	11/16	**11,960**	**12,396**
Purchases used in production		(5,645)	(6,259)
Personnel costs		(3,271)	(3,233)
External charges		(2,379)	(2,356)
Taxes, other than income tax		(160)	(169)
Net depreciation and amortization expenses		(420)	(401)
Net charges to provisions and impairment losses		(186)	(128)
Change in production inventories		(32)	6
Other income from operations[2]	12	658	608
Other expenses on operations	12	(181)	(132)
Current operating profit	16	**344**	**332**
Other operating income	12		
Other operating expenses	12	(95)	(67)
Operating profit		**249**	**265**
Financial income		17	18
Financial expenses		(36)	(36)
Cost of net debt	13	**(19)**	**(18)**
Other financial income	13	13	25
Other financial expenses	13	(15)	(15)
Income tax expenses	14	(68)	(65)
Joint ventures and associates		78	413
Net profit/(loss)		**238**	**605**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP		**234**	**604**
Net profit/(loss) attributable to non-controlling interests		4	1
Basic earnings per share from continuing operations (in euros)	15	7.16	18.49
Diluted earnings per share from continuing operations (in euros)	15	7.16	18.49
(1) Of which recorded outside of France (including export sales)		5,916	5,814
(2) Of which reversals of unutilized provisions/impairment losses		106	91

Statement of recognized income and expenses

in millions of euros	2015	2014
Net profit/(loss)	**238**	**605**
Items not reclassifiable to profit/(loss)		
Actuarial gains (losses) on employee benefits	11	(23)
Net tax effect of items not reclassifiable to profit/(loss)	(2)	4
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment of controlled entities	30	69
Net change in fair value of financial instruments used for hedging purposes		(1)
Net tax effect of items reclassifiable to profit/(loss)		
Share of reclassifiable income and expenses of joint ventures and associates	(1)	10
Net income recognized directly in equity	**38**	**59**
TOTAL RECOGNIZED INCOME AND EXPENSES	**276**	**664**
Attributable to the Group	271	662
Attributable to non-controlling interests	5	2

Consolidated statement of changes in equity

in millions of euros	Share capital and share premium	Retained earnings	Translation reserve	Consolidated net profit	Capital and reserves	Minority interests	Total
At December 31, 2013 restated[a]	**384**	**1,823**	**(23)**	**312**	**2,496**	**31**	**2,527**
Variation in treasury shares		(2)			(2)		(2)
Prior-year profit allocation		312		(312)			
Dividends paid		(237)			(237)	(3)	(240)
Other transactions with shareholders		(4)			(4)		(4)
Net profit/(loss)				604	604	1	605
Income (expenses) recognized directly in equity		(20)	78		58	1	59
Net profit/(loss) and income (expenses) recognized directly in equity		(20)	78	604	662	2	664
Change in scope of consolidation and miscellaneous							
At December 31, 2014	**384**	**1,872**	**55**	**604**	**2,915**	**30**	**2,945**
Variation in treasury shares		1			1		1
Prior-year profit allocation		604		(604)			
Dividends paid		(503)			(503)	(1)	(504)
Other transactions with shareholders							
Net profit/(loss)				234	234	4	238
Income (expenses) recognized directly in equity[1]		9	28		37	1	38
Net profit/(loss) and income (expenses) recognized directly in equity		9	28	234	271	5	276
Change in scope of consolidation and miscellaneous		9			9	(3)	6
AT DECEMBER 31, 2015	**384**	**1,992**	**83**	**234**	**2,693**	**31**	**2,724**

(1) Detail of recognized income and expenses:

	Group	Minority interests	Total
Exchange differences	28	1	29
Fair value restatement on financial instruments			
Actuarial gains (losses) on employee benefits	11		11
Deferred taxes based on these items	(2)		(2)
TOTAL INCOME (EXPENSES) RECOGNIZED DIRECTLY IN EQUITY	**37**	**1**	**38**

(a) All figures as at December 31, 2013 have been restated following the effects of the application of IFRS 10 and IFRS 11.

Consolidated cash flow statement

in millions of euros	2015	2014
Consolidated net profit/(loss) (including minority interests)	238	605
Adjustments for:		
– Joint ventures and associates	(59)	(28)
– Dividends received from associates	24	21
– Dividends received from unconsolidated companies	(2)	(7)
– Charges to/(reversals of) depreciation, amortization, impairment and non-current provisions	495	445
– Gains and losses on asset disposal	(107)	(426)
– Miscellaneous non-cash charges	(6)	
Sub-total	**583**	**610**
Cost of net debt	19	18
Income tax expenses	68	65
Cash from operations	**670**	**693**
Income tax paid	(104)	(163)
Changes in working capital related to operating activities	128	71
CASH FLOWS FROM OPERATING ACTIVITIES (a)	**694**	**601**
Purchase price of property, plant and equipment and intangible assets	(406)	(522)
Proceeds from disposals of property, plant and equipment and intangible assets	95	66
Net liabilities related to property, plant and equipment and intangible assets	(20)	43
Sub-total	**(331)**	**(413)**
Acquisitions and disposals of subsidiaries:		
– Acquisitions of subsidiaries	(18)	(43)
– Disposals of subsidiaries	28	771
– Net liabilities related to non-consolidated companies and other investments	5	(5)
– Other effects of changes in scope of consolidation (cash of acquired and divested companies)	7	(2)
Sub-total	**22**	**721**
Other cash flows related to investing activities (change in loans, dividends received from non-consolidated companies):		
– Dividends received from unconsolidated companies	2	7
– Changes of other non-current financial assets	3	6
Sub-total	**5**	**13**
CASH FLOWS FROM INVESTING ACTIVITIES (b)	**(304)**	**321**
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	1	(4)
Dividends paid to parent company shareholders	(503)	(237)
Dividends paid to minority interests	(1)	(3)
Change in current and non-current debt	(53)	(30)
Cost of net debt	(19)	(18)
Other cash flows related to financing activities		
CASH FLOWS FROM FINANCING ACTIVITIES (c)	**(575)**	**(292)**
Effect of foreign exchange fluctuations (d)	15	7
NET CHANGE IN CASH AND CASH EQUIVALENTS (a+b+c+d)	**(170)**	**637**
Net cash at the beginning of the year	956	319
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (see note 9)	**786**	**956**

Notes to the consolidated financial statements

Declaration of compliance

The consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) endorsed by the European Union.

The financial statements, presented in millions of euros (unless otherwise indicated) comprise: the balance sheet, the income statement, the statement of recognized income and expenses, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The above are presented with a side-by-side comparison of consolidated figures at December 31, 2014.

Contents

NOTES

In millions of euros (€M) unless otherwise indicated.

NOTE 1 – SIGNIFICANT EVENTS OF THE YEAR

1.1 – SCOPE OF CONSOLIDATION AS OF DECEMBER 31, 2015

Number of consolidated companies	2015	2014
Full consolidation	412	438
Proportional consolidation	62	68
Equity method	81	74
TOTAL	**555**	**580**

Main movements of the year

Entries in scope: Auldyn (United Kingdom), Construction DLP (Canada).

Exit from scope:

France: Transbéton, Carrières Gouyer.

International: Transbitum (Romania), Wasco (Indonesia).

Change in consolidation method: Corsovia, Société des Granulats et Bétons Ajacciens (from full consolidation method to equity).

1.2 – SIGNIFICANT FACTS OF 2015

– Revenue of 12.0 billion euros, a 3.5% decrease from 2014 (–4.3% at constant scope and exchange rates), in a difficult economic environment, particularly in France.

– Operating income of 344 million euros, against 332 million euros in 2014, including a loss for sales of refined products activity (SRD) of 77 million euros in 2015 (64 million in 2014).

– Decision made to divest SRD (Société de la Raffinerie de Dunkerque) or halt the activity consisting in the production and sales of refined products in 2016.

– Non-current operating expenses for an amount of 95 million euros, which essentially relates to the decision made to sell or halt activity at SRD.

– A consolidated net profit attributable to the Group of 234 million euros, very similar to 2014 (604 million euros), excluding the capital gain from the disposal of Cofiroute shares.

1.3 – SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION AFTER DECEMBER 31, 2015

None.

NOTE 2 – SIGNIFICANT PRINCIPLES OF THE FINANCIAL STATEMENTS

2.1 – DESCRIPTION OF GROUP ACTIVITIES

Colas (the Company) is a French public company incorporated in France (RCS Nanterre B552 025 314) with its Head Office 7, place René-Clair, Boulogne-Billancourt, France.

Colas is a world leader in the construction and maintenance of transport infrastructure.

Roads represent 81% of Colas' activity, including:

– the construction and maintenance of roads, motorways, airports, ports, industrial and logistics platforms, urban development, reserved-lane public transport systems (tramways), recreational facilities, bike paths, etc., and civil engineering (large and small-scale projects), building (new construction, rehabilitation and demolition/deconstruction) in certain regions, which are complement to road construction;

– upstream from the construction sector, major industrial activity involving the production and recycling of construction materials (aggregates, emulsions and binders, asphalt, ready-mix concrete, bitumen), from a dense international network of quarries, emulsion plants, asphalt plants, concrete plants and two bitumen production plants.

Colas also operates in Specialized Activities most of which are complementary to Road activities, that represent 19% of its total business:

– Road safety, traffic management, manufacture, installation and maintenance of security equipment;

– Networks (previously Pipelines);

– Waterproofing, including building envelope, siding and roofing, manufacture and sales of waterproofing membranes;

– Railways (design and engineering, construction, renewal and maintenance of infrastructure);

– Sales of refined oil products other than bitumen (base oils, paraffin wax, and fuels).

Colas is also a stakeholder in infrastructure concessions and management (PPP) companies, especially motorways as well as city road networks and public transport.

2.2 – PREPARATION PRINCIPLES OF THE FINANCIAL STATEMENTS

The Group's financial statements include the accounts of Colas SA and its subsidiaries, as well as holdings in related entities and joint ventures. They are presented in millions of euros, the currency of the majority of Group's transactions.

They were approved for publication by the Board of Directors on February 22, 2016 and will be submitted for the approval of the next Ordinary General Meeting of April 13, 2016.

The consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with IFRS standards and principles, based on historical cost, with the exception of certain financial assets and liabilities, measured at fair value where this is required by IFRS. They are presented in comparison with the financial statements for the year ended December 31, 2014.

As of December 31, 2015, the Group applied the standards, interpretations, accounting principles and methods that were applied in the financial statements of fiscal year 2014, with the exception of mandatory changes laid down by the IFRS standards mentioned below, applicable as from January 1, 2015.

Main IFRS standards, amendments and interpretations adopted by the European Union, for mandatory application or for early adoption as of January 1, 2015

IFRIC 21: "LEVIES"

This interpretation was endorsed by the European Union on June 13, 2014. The effects of this interpretation, which is mandatorily applicable from January 1, 2015, are not material as regards consolidated equity, but alter the timing of the recognition of certain levies, such as French "C3S" and "IFER" during interim accounting periods.

Main IFRS standards, amendments and interpretations not yet applicable as of January 1, 2015

IFRS 15: "REVENUE FROM CONTRACTS WITH CUSTOMERS"

On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 11 and IAS 18. The new standard, which has not yet been endorsed by the European Union, is applicable from January 1, 2018.

IFRS 9

On July 24, 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. The new standard, which has not yet been endorsed by the European Union, is applicable from January 1, 2018.

Exercise of judgement and use of estimates

In preparing consolidated financial statements to comply with IFRS standards and interpretations, the Group uses estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the end of the reporting period, and the amounts of income and expenses reported for the period.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are the impairment testing of goodwill and equity investments, sharebased payment (stock options), employee benefits (lump-sum retirement benefits, pensions, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the consolidated financial statements:

– represent faithfully the financial position, financial performance and cash flows of the Group;

– reflect the economic substance of the underlying transactions;

– are neutral, prudent, and complete in all material respects.

Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

Held-for-sale assets and discontinued or held-for-sale operations

A non-current asset, or a group of directly-associated assets and liabilities, is regarded as being held for sale if its carrying amount will be recovered primarily through a sale rather than through continuing use. For this to be the case, the asset must be available for sale in its immediate condition, and its sale must be highly probable. Such held-for-sale assets or asset groups are measured at the lower of the carrying amount or the estimated selling price less costs to sell.

An operation that is discontinued or classified as held-for-sale is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 – BASIS OF CONSOLIDATION

Companies controlled by the Group

Companies over which Colas exercises control are consolidated by the full consolidation method.

Jointly-controlled companies

A joint venture or joint operation is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. The assets, liabilities, income and expenses of the joint operations, which give each party direct rights over the assets and obligations for the liabilities are accounted for in accordance with the interests held in the joint operation. Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method.

Companies under significant influence

An associate is a company over which the Group exercises significant influence. Significant influence is presumed to exist where the Group directly or indirectly holds at least 20% of the entity's voting rights.

The consolidated net profit or loss and the assets and liabilities of associate companies are accounted for by the equity method.

2.4 – BUSINESS COMBINATIONS

With effect from January 1, 2010, business combinations have been accounted for in accordance with IFRS 3 standard.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities acquired. They are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method, in accordance with IFRS 3. This method involves remeasuring the acquired assets and liabilities at fair value in full (and not at the proportionate share in the percentage acquired interest).

For each business combination, the revised IFRS 3 allows the following two options for the recognition of non-controlling interests:

– at fair value (i.e. with goodwill including the share of the non-controlling interest, known as the "full goodwill" method);

– at the share of the non-controlling interest in the fair value of the identifiable assets acquired and liabilities assumed from the acquired company (i.e. not including goodwill allocated to the non-controlling interest, known as the "partial goodwill" method).

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an arm's length transaction between market participants as of the date of measurement.

In this context, goodwill represents the excess of the cost of the business combination over the acquirer's interest in the fair value of the acquirer's identifiable assets, liabilities and contingent liabilities that may be measured reliably as of the acquisition date, non-controlling interests are, depending on the option elected, either measured at fair value or not (see above). Goodwill is allocated to the Cash Generating Unit (CGU) benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Colas Group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of twelve months.

Negative goodwill is recognized in the income statement in the year of acquisition.

Subsequently, goodwill is carried at cost net of any impairment losses identified using the methods described in the sections on "Monitoring of the value of the fixed assets" below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, at the date when control is obtained, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the adjustment recorded in the income statement; in the event of a loss of control, in addition to the recognition of the gain or loss on disposal, the proportionate share retained is also remeasured to fair value, with the adjustment recorded in the income statement.

In the event of a change in equity interest with no impact on control, the difference between the consideration transferred and the carrying amount of non-controlling interests is recognized immediately in equity attributable to the Group. As a result, no additional goodwill is recorded.

Direct costs incurred in connection with business combinations are recognized in the income statement.

In the event of a partial divestment of the component operations of a CGU, the Group usually allocates the goodwill in proportion to the value of the divested operation relative to the value of the CGU as measured at the date of divestment in accordance with the IFRS 7 hierarchy of valuation methods, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with IAS 36.86.

Goodwill recognized prior to January 1, 2004 continues to be measured using the partial fair value method. Non-controlling interests are measured on the basis of the carrying amount of the relevant items as shown in the balance sheet of the acquired entity.

2.5 – METHOD OF TRANSLATION OF ITEMS IN FOREIGN CURRENCY

Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognized as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

Financial statements of the entities whose operating currency is not the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognized in shareholders' equity.

2.6 – ASSESSMENT OF INCOME TAXES

Deferred taxation is recognized on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

– temporary differences between the carrying amount and tax base of assets or liabilities, which may be:

. items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods,

. or items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognized to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences; they are reviewed at each balance sheet date;

– tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as of the balance sheet date.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 – NON-CURRENT ASSETS

Property, plant and equipment

They are measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognized on a straight line basis over the estimated useful life of the asset.

PRINCIPAL USEFUL LIVES

Land	(see below)
Office buildings	20 to 40 years
Industrial buildings	10 to 20 years
Plant and equipment	5 to 15 years
Other property, plant and equipment (Vehicles and office equipment)	3 to 10 years

Unimproved land or land under buildings: these are not depreciated, but are tested for impairment.

Land with aggregate quarries: these are depreciated in accordance with the depletion of the aggregates, up to a maximum of forty years.

The cumulative amount of this depreciation cannot be lower than that calculated using the straight-line method.

When the construction phase of a tangible asset is long, borrowing costs that are directly attributable to its acquisition or construction are recognized as an asset.

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount; they are recognized in the income statement under "Other operating income and expenses".

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

LEASES

Leases contracts whereby the Group retains substantially all the risks and rewards of ownership are considered as finance leases contracts and subject to this title to a reprocessing (recognition of a tangible asset with a corresponding liability eventually).

Assets held under finance leases are recognized in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. These assets are depreciated over their estimated useful lives (in the liabilities, the counterpart of contracts reprocessed is recognized under "Debt").

Obligations under operating leases are disclosed in off-balance sheet commitments.

GRANTS RECEIVED

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

– if it is separable (capable of being independently sold, transferred, licensed, rented or exchanged);

– or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits from that asset and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to annual impairment testing; the indefinite character is reviewed at each closing date.

Development costs are capitalized if the IAS 38 criteria are met (generation of future economic benefits is expected and costs can be reliably measured).

In accordance with IFRS, incorporation and research expenses are expensed as incurred.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of identifiable assets and liabilities of a subsidiary or joint venture at the date of acquisition.

The Group uses the "partial goodwill" method.

MONITORING OF THE VALUE OF THE FIXED ASSETS AND ASSOCIATED ENTITIES

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

Method applied for impairment tests

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment.

Group CGUs correspond to its operational organization.

They comply with the following criteria: common management, synergies regarding human resources, equipment resources, technical matters and studies.

- Mainland France Roads CGU: road activities in Mainland France.
- Specialized Activities (excluding Railways) CGU: Safety and Signaling, Networks, Waterproofing.
- Railway CGU: rail activities.
- Roads Europe (excluding France) CGU: road activities in European countries where the Group operates.
- Roads North America CGU: road activities in the United States of America and Canada.
- Roads Rest of the World CGU: road activities in Africa, Indian Ocean, Asia, Australia, Middle East and in French Overseas Departments and territories.

The value in use is determined by the Discounted Cash Flow method (DCF); which consists of the discount of future cash flow applying the average weighted capital costs, including the economic risk premium. Future cash flows are determined based on forecasts prepared by CGU management according to yearly budget procedures for the coming year, and the three-year plan for the two following years.

Other non-current financial assets

NON-CONSOLIDATED INVESTMENTS AND OTHER INVESTMENTS

These mainly comprise shares of unlisted companies; they are recognized at acquisition cost less an allowance for depreciation when considered necessary (there are no significant differences between cost and fair value for these shares).

LOANS

Loans are stated at present value if their interest rates are far from the normal market conditions (example: non-interest bearing loans pursuant to legal obligations governing participation of employers in construction investments in France).

FINANCIAL RECEIVABLES REGARDING CONCESSION ARRANGEMENTS AND PUBLIC-PRIVATE PARTNERSHIP (PPP) CONTRACTS

The twenty-five years road rehabilitation and maintenance PFI (Private Finance Initiative) contract of the City of Portsmouth is stated according to the financial asset model, as recommended under IFRIC 12.

Works completed are recognized on the basis of the stage of completion, according to IAS 11.

Financial assets are initially recognized at the fair value of works completed, and then stated at amortized cost, according to IAS 39.

Financial assets represent the amount of works completed, plus cumulative interest, determined according to the effective interest rate method, and after deduction of payments received from the client.

OTHER NON-CURRENT FINANCIAL ASSETS

They are recorded initially at fair value and amortized cost when they are meant to be kept until maturity.

2.8 – CURRENT ASSETS

Inventories

Inventories are measured at the lowest of the following values: cost or net realizable value.

Inventory costs include all purchase costs and costs of conversion.

Costs of purchase include purchase price, import duties and other non-recoverable taxes, transport and handling costs incurred to transfer inventories where they are.

Costs of conversion include costs that are directly or indirectly incurred in converting raw materials into finished goods.

For carried forward valuation, costs are assigned by using the first-in, first-out or weighted average cost formulas, according to the type of inventories.

Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to complete the sale.

Trade receivables

Trade receivables, which generally have thirty to ninety day terms, are recognized and carried at original invoice amount less allowance for any uncollectible amounts.

Trade receivables include "receivables to invoice" relating to the works recognized by clients, and which have not yet been invoiced.

Other current receivables

Other current receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 – FINANCIAL INSTRUMENTS

Several Group companies use financial hedging instruments to reduce the impact of exchange and interest rate fluctuations on their profit and loss accounts. The use of these instruments is described hereafter.

Nature of the risks for the Group

EXPOSURE TO FOREIGN EXCHANGE RISK

Overall, the Group has a low exposure to foreign exchange risk in its ongoing commercial transactions, insofar as the proportion attributable to exports in its international business is very low. For most of the work carried out outside France, the billing and expenses incurred are denominated in the country where the work is carried out.

Occasionally, some currency contracts are hedged for exchange risks.

Borrowings or deposits are centralized in the currency of the country.

In addition, the Group remains especially attentive to the risks associated with its assets in non-convertible currencies and, more generally, to so-called country risks.

EXPOSURE TO INTEREST RATE RISK

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert floating-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of floating-rate debt in the balance sheet is less than the amount of surplus cash invested at floating rates.

EXPOSURE TO COMMODITY PRICE RISK

Colas does experience sensitivity to fluctuations in the prices of commodities, primarily crude oil, whose market value has an impact on the Group's road construction business, as well as certain metals used in road safety and signaling, waterproofing and rail.

Hedges may occasionally be entered into on specific transactions.

Common principles for financial hedging instruments

Financial hedging instruments used are only conventional instruments such as:

- forward currency trade, currency swaps, currency options, according to a hedging policy against foreign exchange risks;
- interest rate swaps, future rate agreements, purchase of caps and tunnels and rate options, according to a hedging policy against interest rate risks;
- purchase and sale of futures contracts, raw material swaps in the frame of hedging policy for raw materials.

The above instruments are characterized by the fact that:

- they are only used for hedging;
- only undertaken with first rank French banks and foreign banks;
- and present no cash risk in the event of turnaround.

The Group follows the use of these instruments, the choice of trade off, and generally speaking, the exposure to exchange risks and interest rate risks with detailed, specific follow-up reporting to the management and control of the companies involved.

Recognition methods

Generally speaking, the Group applies hedge accounting to the financial instruments that it uses. This entails formal documentation of the hedging relationship under IAS 39. The Group then applies one of two recognition methods:

– fair value hedge: the changes in fair value of the hedging instrument and hedged item are recognized symmetrically in the income statement;

– cash flow hedge: the ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement, while the effective portion is recognized directly in equity (until the position is unwound).

2.10 – EQUITY

The treasury shares are deducted from consolidated shareholders' equity; no expense or income arising on the cancellation of treasury shares is recognized in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognized at Group level.

Translation reserve

The translation reserve reflects the foreign exchange gains and losses recorded since January 1, 2004, the date on which the existing translation reserve in equity was reset against retained earnings.

Information about the management of capital

The objective of Colas management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

– maintaining a reasonable gearing ratio (net debt to share-hold-ers' equity);

– distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

2.11 – NON-CURRENT LIABILITIES

Non-current financial debts

With the exception of derivative financial liabilities, which are measured at fair value, borrowings and other financial liabilities are measured at amortized cost, calculated using the effective interest method.

The portion of long-term borrowings with a maturity of less than one year is shown under current liabilities.

Non-current provisions

According to IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are recorded at the balance sheet date if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognized as a provision represents the Group's best estimate of the net outflow of resources.

These are provisions not linked to the normal operating cycle. They essentially comprise:

EMPLOYEE BENEFITS

Pensions

The Group commitments with regard to pensions payable to employees on retirement are, generally, covered by the regular payment of contributions to retirement plans or pension funds (defined contribution plans).

Some defined benefit plans exist in the United Kingdom, Ireland and Canada. With the exception of Colas Rail Ltd, these defined benefit plans concern a limited number of employees because the Group decided, several years ago, to close these plans to new subscribers. These benefit plans are managed by independent funds.

Retirement indemnities

Their cost is determined using the projected unit credit method. Actuarial gains and losses are recognized in equity.

Length-of-service awards

Provisions are booked in respect of length-of-service awards, which Colas Group companies grant on an ongoing and systematic basis. An individual projection method is used to calculate these amounts, taking into consideration the average rate of employee revenue and average life expectancy, according to appropriate tables.

Actuarial gains and losses are posted in the income statement.

PROVISIONS FOR LITIGATION AND LEGAL MATTERS

Litigation and claims about works contracts

The amount of these provisions is determined based on the amount of customer's claim or on costs of repairs of damages as determined by official experts;

Provisions for tax, social welfare or administration audit

Amounts claimed by authorities are recognized in the income statement when accepted and are provisioned when contested.

PROVISIONS FOR WARRANTIES (LONG TERM)

These represent the valuation of the works to be performed when the term of the warranty exceeds the term of the operating cycle (one or two years), such as the ten-year warranty for specific building works.

PROVISIONS FOR QUARRY RECLAMATION (LONG TERM)

Reclamation cost after operating a quarry is calculated based on a detailed valuation (cost of labor, equipment, materials, the corresponding share of overhead required, etc.). Only the portion of the provision regarding costs due after twelve months following the balance sheet date is classified in non-current provisions.

Deferred tax liabilities

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences (source of future income tax expenses). All deferred tax liabilities are stated as deferred taxes, including consolidation adjustments.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that the parent company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future (no disposal in foreseeable future).

If distribution of dividends is probable in the foreseeable future or if the company is not controlled (associate), deferred tax liability is recognized.

2.12 – CURRENT LIABILITIES

Current provisions

These are provisions linked to the normal operating cycle. The related expenses are generally paid within twelve months of the balance sheet date.

They mainly comprise:

PROVISIONS FOR WARRANTIES (ONE OR TWO YEARS MAXIMUM)

Provisions for additional works related to contractual warranties are made in respect of individual estimates for each contract.

PROVISIONS FOR CLOSING DOWN SITES

This covers costs of cleaning up a site and removing equipment. These costs are measured individually based on the size of the site and distance from operating units.

PROVISIONS FOR LOSSES ON COMPLETION

These relate to projects, which are not completed at balance sheet date. The measurement may include claims approved by clients, and is determined contract by contract, without compensation.

PROVISIONS FOR QUARRY RECLAMATION (SHORT TERM)

This covers reclamation costs after operating a quarry, for the portion within twelve months after balance sheet date.

In compliance with IAS 37 on provisions, information regarding the most significant provisions is disclosed only to the extent that this disclosure will not harm the Group.

2.13 – INCOME STATEMENT

As allowed under IAS 1 "Presentation of financial statements", the Group presents an income statement that classifies expenses by nature.

Ordinary activity income

Revenue is recognized when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Ordinary activity income comprises:

SALE OF GOODS

Income is recognized when risks and rewards of ownership are transferred to the buyer.

CONSTRUCTION CONTRACTS AND RENDERING OF SERVICES

Revenue from construction contracts is recognized based on the "stage of completion" method.

The stage of completion is determined on the basis of works completed; expected loss on completion is directly recognized as an expense in the current period.

OTHER ORDINARY ACTIVITY INCOME

This consists of royalties received from the use of licenses and patents: income is recognized when the Company's right to receive payment is established.

Current operating profit

Current operating profit comes from main activities generating income, and all other activities which are not investing or financing activities.

Goodwill depreciation is included in results of operating activities.

Other non-current income and expenses

These concern a very small number of unusual, abnormal and uncommon income or expense – with very significant amounts – disclosed separately in the income statement to improve the understanding of current operational performance.

The nature of these items is described in note 12.

Cost of net debt

Net financial expenses include financial expense and income, and borrowing costs.

Income tax expenses

Deferred taxes are determined in accordance with the balance sheet liability method, for all the taxable or deductible temporary differences, at balance sheet date.

Taxable or deductible temporary differences include every difference between the tax base of an asset or liability and its carrying amounts on the balance sheet, except for goodwill.

When, for a company, the net tax balance is an asset, that asset is recognized only to the extent that it is probable that taxable profit will be available against these deductible temporary differences.

Deferred tax assets or liabilities are measured on the basis of tax rates expected to be applied during the year of the reversal, based on tax rates which have been enacted or substantially enacted by the balance sheet date.

2.14 – CASH FLOW STATEMENT

The consolidated cash flow statement is presented in accordance with IAS 7 and with CNC (now ANC) Recommendation 2013-03 of November 7, 2013 (using the indirect method).

The consolidated net profit/(loss) from consolidated companies is corrected for the effects of non-cash transactions and items of income or expense related to investment or financing flows.

Cash from operations is defined as the consolidated net profit/(loss) from consolidated companies before net depreciation and amortization expenses, net charges to provisions, capital gains or losses on disposal of assets, cost of net debt (included in financing activities in the cash flow statement) and income tax expenses for the fiscal year.

Net Group cash, changes to which are broken out in the cash flow statement, is defined as the net balance of:

- cash and cash equivalents;
- outstanding overdrafts and short-term bank borrowings.

2.15 – OTHER FINANCIAL INDICATORS

Net financial debt

It results from:

- cash and cash equivalents;
- positive bank positions;
- current and non-current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.16 – COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in scope during the fiscal year did not have a significant impact on the 2015 consolidated financial statements, thus allowing for comparison with previous years.

NOTE 3 – NON-CURRENT ASSETS

3.1 – SYNTHESIS OF INVESTMENTS OF THE YEAR (OPERATIONAL AND FINANCIAL)

	2015	2014
Property, plant and equipment	403	513
Intangible assets and goodwill	3	9
Operating activities investments	**406**	**522**
Acquisitions of subsidiaries	18	43
Consolidated investments	**424**	**565**
Proceeds from disposals of property, plant and equipment	(95)	(66)
Disposals of subsidiaries	(28)	(771)
NET INVESTMENTS	**301**	**(272)**

3.2 – PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Assets in course of construction and advance payments	Total
Cost or valuation				
At December 31, 2013	**1,446**	**5,061**	**84**	**6,591**
Exchange differences	33	132		165
Transfers and other	14	65	(68)	11
Changes in scope of consolidation	1	(19)	(2)	(20)
Additions	44	328	141	513
Disposals	(20)	(254)		(274)
At December 31, 2014	**1,518**	**5,313**	**155**	**6,986**
Exchange differences	21	63		84
Transfers and other	40	131	(123)	48
Changes in scope of consolidation	(9)	(41)	1	(49)
Additions	65	240	98	403
Disposals	(42)	(267)		(309)
AT DECEMBER 31, 2015	**1,593**	**5,439**	**131**	**7,163**
Depreciation and impairment				
At December 31, 2013	**(578)**	**(3,749)**		**(4,327)**
Exchange differences	(9)	(94)		(103)
Transfers and other	3	(3)		
Changes in scope of consolidation	10	35		45
Net charge for the year	(53)	(355)		(408)
Disposals	14	237		251
At December 31, 2014	**(613)**	**(3,929)**		**(4,542)**
Exchange differences	(8)	(50)		(58)
Transfers and other		(1)		(1)
Changes in scope of consolidation	5	31		36
Net charge for the year	(70)	(397)		(467)
Disposals	20	241		261
AT DECEMBER 31, 2015	**(666)**	**(4,105)**		**(4,771)**
Carrying amount				
At December 31, 2013	**868**	**1,312**	**84**	**2,264**
Including quarry land	280			280
Including financial leases	4	41		45
At December 31, 2014	**905**	**1,384**	**155**	**2,444**
Including quarry land	281			281
Including financial leases	3	38		41
AT DECEMBER 31, 2015	**927**	**1,334**	**131**	**2,392**
Including quarry land	285			285
Including financial leases	3	35		38

At December 31, 2015, equipment has been ordered for an amount of 8 million euros (31 million euros at the end of 2014).

3.3 – INTANGIBLE ASSETS AND GOODWILL

	Concessions, patents, and other rights	Other	Total intangible assets	Goodwill
Cost or valuation				
At December 31, 2013	**147**	**66**	**213**	**590**
Exchange differences	3	2	5	9
Transfers	4		4	(9)
Changes in scope of consolidation	(2)	2		(4)
Additions	7	2	9	
Disposals	(3)	(9)	(12)	
At December 31, 2014	**156**	**63**	**219**	**586**
Exchange differences	1	2	3	2
Transfers	3		3	(2)
Changes in scope of consolidation				(8)
Additions	2	1	3	
Disposals	(2)	(1)	(3)	
AT DECEMBER 31, 2015	**160**	**65**	**225**	**578**
Depreciation and impairment				
At December 31, 2013	**(72)**	**(45)**	**(117)**	**(68)**
Exchange differences	(2)	(3)	(5)	
Transfers				1
Changes in scope of consolidation	2		2	5
Net charge for the year	(11)	(4)	(15)	(6)
Disposals	3	9	12	
At December 31, 2014	**(80)**	**(43)**	**(123)**	**(68)**
Exchange differences	(1)	(1)	(2)	
Transfers				
Changes in scope of consolidation				6
Net charge for the year	(10)	(5)	(15)	(9)
Disposals		1	1	
AT DECEMBER 31, 2015	**(91)**	**(48)**	**(139)**	**(71)**
Carrying amount				
At December 31, 2013	75	21	96	522
At December 31, 2014	76	20	96	518
AT DECEMBER 31, 2015	**69**	**17**	**86**	**507**

Concessions, patents, and other rights: mainly mining rights, and to a lesser extent patents and software.

Research costs are expensed in the year.

Development costs are mainly recognized as expenses during the year because they have a permanent and recurrent nature. No projects satisfy recognition criteria according to IAS 38.

Impairment of intangible assets with indefinite useful life and goodwill

Impairment losses are recorded in profit from operations if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its value in use. If an indication shows impairment loss, an impairment test is performed, based on the method described under note 2. Such tests are performed at least once a year after the updating of budgets and three-year plans by management.

Details of assets with indefinite useful life and goodwill split by CGU and main assumptions used for impairment tests are as follows:

Cash Generating Units	Goodwill	Intangible assets with indefinite useful life	Growth rates	Discount rates	
				H1 (1)	H2 (1)
CGU Roads Mainland France	136	15	2%	5.32%	4.88%
CGU Roads Europe (excluding France)	15	1	2%	5.32%	4.88%
CGU Roads North America	99		2%	5.32%	4.88%
CGU Roads Rest of the World	37		2%	5.32%	4.88%
CGU Specialized Activities (excluding Railways)	38		2%	5.32%	4.88%
CGU Railways	182		2%	5.32%	4.88%
TOTAL	**507**	**16**			

(1) According to debt structure assumptions: 1/3 debt – 2/3 equity (H1) or 2/3 debt – 1/3 equity (H2).

Sensitivity analyses were performed. Any reasonably possible change in key assumptions used did not reveal a situation that could lead to impairment of assets tested.

Assumptions used:

- discount rate: +2%;
- growth rate: –2%;
- normative cash flow: –10%.

In all cases, the recoverable amount would be greater than the book value of the assets tested.

The recoverable amount of each CGU would be equal to the book value of the assets tested with the following discount rates:

Cash Generating Units	Discount rates
CGU Roads Mainland France	9.33%
CGU Roads Europe (excluding France)	15.98%
CGU Roads North America	13.22%
CGU Roads Rest of the World	14.77%
CGU Specialized activities (excluding Railways)	17.42%
CGU Railways	10.20%

3.4 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Share in equity	Goodwill	Goodwill impairment	Carrying amount
At December 31, 2013	**160**	**104**	**(24)**	**240**
Net consolidated profit	416		(3)	413
Dividends paid	(21)			(21)
Proceeds from disposal of Cofiroute shares	(385)			(385)
Other operations	14	2		16
At December 31, 2014	**184**	**106**	**(27)**	**263**
Net consolidated profit	84		(6)	78
Dividends paid	(24)			(24)
Other operations	(15)	4	1	(10)
AT DECEMBER 31, 2015	**229**	**110**	**(32)**	**307**

Main associated companies

	Share in equity		Net carrying amount	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Main associated companies				
Tipco Asphalt[1]	84	48	42	10
Mak Mecsek[2]	33	31	3	3
Other	3	3	1	1
Joint ventures				
Miscellaneous companies[3]	109	102	19	17
TOTAL	**229**	**184**	**65**	**31**

(1) Tipco Asphalt, based in Bangkok (Thailand) operates in the distribution and sale of bitumen business in southeast Asia.

(2) Mak Mecsek has been awarded a thirty-year PPP contract for the construction and operation of a new 80-km section of Motorways M6 (50 km) and M60 (30 km) in southwest Hungary.

(3) These are mainly industrial companies (quarries, factories of emulsions) operated in common with non-Group partners, individually, none of these entities has a significant character.

Breakdown of net carrying amounts from the associated entities

	31/12/2015	31/12/2014
Share in the results of associates[1]	84	416
Depreciation and impairment	(6)	(3)
TOTAL	**78**	**413**

(1) In 2014: including capital gain generated by the disposal of Cofiroute shares: 385 million euros.

3.5 – JOINT OPERATIONS

Amounts from joint operations are posted to the title of main assets, liabilities, income and expenses. Please note their contributions below:

	31/12/2015	31/12/2014
Assets	234	213
Liabilities	233	211
Revenue	426	343
Current operating profit	2	2

3.6 – OTHER NON-CURRENT FINANCIAL ASSETS

	Non-consolidated investments	Other non-current financial assets	Total gross value	Allowance	Carrying amount
At December 31, 2013	**79**	**178**	**257**	**(56)**	**201**
Exchange differences	1	6	7	(1)	6
Transfers					
Changes in scope of consolidation	(12)		(12)	(5)	(17)
Acquisitions and other additions	43	20	63		63
Disposals	(13)	(29)	(42)		(42)
Net charge for the year					
At December 31, 2014	**98**	**175**	**273**	**(62)**	**211**
Exchange differences	1	5	6	(1)	5
Transfers	(1)				(1)
Changes in scope of consolidation	6	(1)	5	(4)	1
Acquisitions and other additions	18	11	28		29
Disposals	(18)	(15)	(33)		(33)
Net charge for the year					
AT DECEMBER 31, 2015	**104**	**175**	**279**	**(67)**	**212**

Breakdown of main non-consolidated investments

	Gross	Allowance	31/12/2015 Net	31/12/2014 Net
Asphalt concrete, binder and quarry companies	24	(6)	18	19
Non-controlled companies	19	(3)	16	18
Inactive companies and companies undergoing liquidation	46	(44)	2	2
End of period acquired companies[1]	5		5	
Other investments[2]	10	(6)	4	5
TOTAL	**104**	**(59)**	**45**	**44**

(1) These companies are not consolidated because acquired at the end of the year. They will be consolidated the following fiscal year. The companies are Al-Futtaim Tarmac and Midmac Tarmac Qatar

(2) None of these investments are significant.

Breakdown of other non-current financial assets

	Gross	Allowance	31/12/2015 Net	31/12/2014 Net
Loans[1]	85	(7)	78	77
City of Portsmouth (Great Britain)[2]	74		74	73
Other financial receivables	16	(1)	15	17
TOTAL	**175**	**(8)**	**167**	**167**

(1) Loans: mainly twenty-year non-interest bearing loans, pursuant to employers' legal obligations governing construction investments in France. These loans are stated at their net present value, determined at the loan date.

(2) Receivables from the City of Portsmouth (Great Britain), in compensation for the works completed in the framework of the road rehabilitation and maintenance PFI contract, signed in 2004 for twenty-five years (2004-2029). The receivable is valued according to IFRIC 12 (financial asset model).

Breakdown of non-current financial assets by nature

	Fair value measurement		Loans and receivables	Total
	Financial assets available for sale	Other non-current financial assets		
December 31, 2014	–	44	167	211
2015 variations	–	1		1
DECEMBER 31, 2015	**–**	**45**	**167**	**212**

3.7 – DEFERRED TAXES AND NON-CURRENT TAX RECEIVABLE

	Deferred taxes	Other long-term tax receivable	Total
At December 31, 2013	**156**		**156**
Exchange differences	3		3
Transfers	(1)		(1)
Acquisitions of subsidiaries	1		1
Net variations	(3)		(3)
At December 31, 2014	**156**		**156**
Exchange differences	2		2
Transfers	(20)		(20)
Acquisitions of subsidiaries	(4)		(4)
Net variations	31		31
AT DECEMBER 31, 2015	**165**		**165**

Unrecognized tax assets (which are probably not reversible in the foreseeable future) amounted to 87 million euros on December 31, 2015 (85 million euros on December 31, 2014).

Deferred tax assets are mainly reversible after four years.

Main deferred tax bases

	31/12/2015	31/12/2014
Assets		
Employee benefits	86	93
Tax losses	64	29
Financial instruments	7	9
Liabilities		
Regulatory provisions	(18)	(18)
Fixed assets (finance leases, goodwill allocated to assets)	(42)	(37)
Taxes on dividends	–	–
Financial instruments	(4)	(8)
Other temporary differences	(1)	–
NET DEFERRED TAX ASSETS (LIABILITIES)	**92**	**68**

NOTE 4 – CURRENT ASSETS

4.1 – INVENTORIES, TRADE AND OTHER CURRENT RECEIVABLES

	31/12/2015			31/12/2014		
	Gross	Allowance	Net	Gross	Allowance	Net
INVENTORIES	**550**	**(39)**	**511**	**695**	**(37)**	**658**
Raw materials, supplies and finished goods						
TRADE RECEIVABLES	**2,500**	**(140)**	**2,360**	**2,714**	**(147)**	**2,567**
Invoiced and to invoice, warranty retention(1)						
TAX RECEIVABLES	**124**		**124**	**109**		**109**
Staff, social welfare bodies, State	216		216	212		212
Group receivables and other current receivables	316	(30)	286	354	(23)	331
Prepayments	41		41	33		33
OTHER CURRENT RECEIVABLES	**573**	**(30)**	**543**	**599**	**(23)**	**576**

(1) Maturity of trade receivables is as follows:

	Receivables not matured	Less than 6 months	6 months to 1 year	More than 1 year	Total
Trade receivables (gross)	1,679	561	99	161	2,500
Allowance	(9)	(6)	(10)	(115)	(140)
TRADE RECEIVABLES (NET)	**1,670**	**555**	**89**	**46**	**2,360**
Reminder 2014	1,806	604	95	62	2,567

Credit risk: the Group considers that its exposition to credit risk regarding non-matured receivables is limited as regards the type of customers (States, public administrations, public and private companies, individuals).

4.2 – CASH AND CASH EQUIVALENTS

	31/12/2015			31/12/2014		
	Gross	Allowance	Net	Gross	Allowance	Net
Cash-on-hand	352		352	315		315
Marketable securities(1)	496		496	729		729
TOTAL	**848**		**848**	**1,044**		**1,044**
(1) Including Bouygues Relais	379		379	614		614

Bouygues Relais is the main cash consolidation company of Bouygues Group.

Cash investments are made by the Group with French and foreign banks.

They are divided into the following currencies:

	Euro	USD (1)	GBP (1)	Other (1)	Total
Cash-on-hand	103	45	74	130	352
Marketable securities	477			19	496
TOTAL AT DECEMBER 31, 2015	**580**	**45**	**74**	**149**	**848**
December 31, 2014	783	39	92	130	1,044

(1) Equivalent in euros.

Cash and cash equivalents have an original maturity of three months or less or can easily be converted into cash.

Cash and cash equivalents disclosed in the cash flow statement consist of the following items:

	31/12/2015	31/12/2014
Cash and cash equivalents	848	1,044
Overdrafts and short-term bank borrowings	(62)	(88)
TOTAL	**786**	**956**

NOTE 5 – INFORMATION ON EQUITY

COMPOSITION OF SHARE CAPITAL (in euros)

Colas' share capital as of December 31, 2015 amounted to 48,981,748.50 euros.

It is comprised of 32,654,499 shares with a nominal value of 1.50 euro each, ranking *pari passu* (although nominative shares owned for a period of more than two years by the same shareholder grant double voting rights).

TREASURY SHARES AS OF DECEMBER 31, 2015

Colas SA holds 7,980 shares for an amount of 1,063,745.20 euros.

CHANGE DURING THE YEAR

None.

MAIN SHAREHOLDERS

Bouygues SA	31,543,222	96.60%
Other shareholders	1,111,277	3.40%

CAPITAL MANAGEMENT

The General Management's target is to maintain a level of capital and reserve to enable Colas to:

- ensure reasonable gearing;
- pay regular dividends to shareholders.

Among performance indicators used, some can be determined by reference to capital and reserves, but their use is neither preponderant nor systematic.

Otherwise, we remind you that capital and reserves are not subject to any restrictions under the by-laws.

STOCK OPTIONS

None.

TRANSLATION RESERVE

The translation reserve was established at January 1, 2004 with the first time application of IFRS. Main translation differences at December 31, 2015 relate to companies located in the following countries:

	31/12/2014	Variation 2015	31/12/2015
United States	24	43	67
Canada	15	(25)	(10)
Great Britain	(4)	6	2
Slovakia	12		12
Czech Republic	3	2	5
Australia	(1)		(1)
Other countries	6	2	8
TOTAL TRANSLATION RESERVE	**55**	**28**	**83**

NOTE 6 – PROVISIONS

6.1 – NON-CURRENT PROVISIONS

	Employee benefits	Litigation and legal matters	Customer warranties (long-term)	Site reclamation (long-term)	Other	Total
At December 31, 2013	**356**	**217**	**50**	**144**	**26**	**793**
Exchange differences	4	1		1		6
Transfers	1	(1)		1	1	2
Changes in scope of consolidation		(5)		3		(2)
Actuarial gains/losses in equity	22					22
Allocation for the year	28	37	18	14	7	104
Reversals of utilized provisions	(14)	(27)	(8)	(7)	(3)	(59)
Reversals of unutilized provisions	(3)	(14)	(7)	(3)	(2)	(29)
At December 31, 2014	**394**	**208**	**53**	**153**	**29**	**837**
Exchange differences	3	(2)				1
Transfers		1	1	4	(1)	5
Changes in scope of consolidation	(2)			(1)	(1)	(4)
Actuarial gains/losses in equity	(12)					(12)
Allocation for the year	20	43	31	5	8	107
Reversals of utilized provisions	(31)	(13)	(8)	(5)	(2)	(59)
Reversals of unutilized provisions	(3)	(22)	(8)	(3)	(2)	(38)
AT DECEMBER 31, 2015	**369**	**215**	**69**	**153**	**31**	**837**

Breakdown of main provisions

	31/12/2015	31/12/2014
Length-of-service awards	98	96
Retirement indemnities	204	211
Pensions	67	87
Employee benefits	**369**	**394**
Litigation with clients	55	58
Litigation with employees	19	17
Litigation with welfare bodies	85	88
Litigation with tax authorities	32	30
Litigation with other bodies	2	2
Other litigation	22	13
Litigation and legal matters	**215**	**208**
Decennial warranties	49	39
Civil engineering warranties	17	11
Performance warranties	3	3
Warranties	**69**	**53**

6.2 – CURRENT PROVISIONS

	Losses on completion	Works risks and costs of closing down sites	Customer warranties (short-term)	Site reclamation (short-term)	Other	Total
At December 31, 2013	**63**	**86**	**53**	**6**	**52**	**260**
Exchange differences	1	1	1		3	6
Transfers			(1)	1	2	2
Changes in scope of consolidation					2	2
Allocation for the year	51	33	25	2	55	166
Reversals of utilized provisions	(21)	(24)	(12)	(1)	(24)	(82)
Reversals of unutilized provisions	(22)	(12)	(11)		(8)	(53)
At December 31, 2014	**72**	**84**	**55**	**8**	**82**	**301**
Exchange differences	1	(1)			3	3
Transfers	(1)	1	(2)	1		(1)
Changes in scope of consolidation		(2)	(2)		(2)	(6)
Allocation for the year	62	52	27	2	66	209
Reversals of utilized provisions	(25)	(16)	(9)	(2)	(45)	(97)
Reversals of unutilized provisions	(21)	(19)	(17)	(1)	(3)	(61)
AT DECEMBER 31, 2015	**88**	**99**	**52**	**8**	**101**	**348**

NOTE 7 – DEFERRED TAX LIABILITIES

	31/12/2015	31/12/2014
Deferred tax liabilities	73	88
Other long-term tax liabilities		
TOTAL NON-CURRENT TAXES	**73**	**88**

Deferred tax liabilities are essentially attributable to temporary tax differences (allocations of goodwill, differences between accounting and tax-driven depreciation, etc.).

NOTE 8 – CURRENT AND NON-CURRENT FINANCIAL DEBT

BANK LOANS AND BORROWING MATURITIES

	Maturity	Maturity over 1 year						
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total	Total
	2016	2017	2018	2019	2020	2021 and beyond	2015	2014
Bank loans (medium/long-term)		53	21	15	13	64	166	193
Finance leases		3	2	2	1	1	9	14
Other financial debts (long-term)		1					1	1
Sub-total	**44**	**57**	**23**	**17**	**14**	**65**	**176**	**208**
Overdrafts and short-term bank borrowings	62							
AT DECEMBER 31, 2015	**106**	**57**	**23**	**17**	**14**	**65**	**176**	
At December 31, 2014	144	47	59	21	15	66		208
Portion of long-term debt at less than one year							44	56

CONFIRMED/DRAWN CREDIT LINES

	Confirmed credit lines – Maturity				Drawn credit lines – Maturity			
	Less than 1 year	1 to 5 years	Beyond	Total	Less than 1 year	1 to 5 years	Beyond	Total
Credit lines	241	1,601	65	1,906	44	111	65	220

CASH POSITION AT DECEMBER 31, 2015

At December 31, 2015, net cash totaled 786 million euros, in addition to 1,490 million euros of confirmed bank credit lines for over one year, undrawn to date (versus 1,268 million euros at December 31, 2014).

During the year, the Group has renewed a 370-million-euro line maturing in 2015.

Colas Group companies' confirmed bank loan contracts contain no significant financial clauses likely to lead to early termination and/or early repayment.

BREAKDOWN OF FINANCIAL DEBT BY TYPE OF INTEREST RATE

The part of fixed rate debt of current and non-current financial debt after accounting for backed interest rate hedging instruments that have not yet reached maturity as of the balance sheet date, and excluding bank overdrafts is 59% (61% in 2014).

INTEREST RATES RISKS

At December 31, 2015, a breakdown of financial assets and liabilities by nature of interest rate shows the following:

	Floating rates	Fixed rates	Total
Cash and cash equivalents	848		848
Borrowings(1)(2)	(212)	(14)	(226)
Bank overdrafts	(62)		(62)
Net position before cash management	**574**	**(14)**	**560**
Interest rate hedging(2)	117	(117)	
Net position after cash management	**691**	**(131)**	**560**
Seasonality adjustment(3)	(700)		(700)
POSITION AFTER CASH MANAGEMENT AND SEASONALITY ADJUSTMENT	**(9)**	**(131)**	**(140)**

(1) Including (7) million euros for fair value of interest swap.

(2) Short-term fixed-rate liabilities are considered as variable-rate debt.

(3) Activity and activity related cash are subject to strong seasonal variations. This adjustment makes it possible to estimate average cash on the year which serves as a basis for the calculation of sensitivity of the financial costs to changes in interest rates. It corresponds to the difference between the average financial cash of the year (calculated on the basis of the average of the monthly average financial cash position) and the accounting net position at end of December, excluding debt at fixed rates and portfolio of interest rate swaps.

Consequently, an immediate increase of 1% in interest rates on the short-term net position above would have no significant impact on the cost of net financial debt.

BREAKDOWN OF FINANCIAL DEBT BY TYPE OF CURRENCY

	Euro	USD(1)	GBP(1)	Other(1)	Total
Financial debt at December 31, 2015					
Non-current	89		70	17	176
Current	37	7	8	54	106
Financial debt at December 31, 2014					
Non-current	93	18	70	27	208
Current	21	34	10	79	144

(1) Equivalent in euros.

NOTE 9 – CHANGES IN NET FINANCIAL POSITION

BREAKDOWN

	31/12/2015	31/12/2014
Cash and cash equivalents	848	1,044
Overdrafts and short-term bank borrowings	(62)	(88)
Net cash	**786**	**956**
Non-current debt	176	208
Current debt	44	56
Financial instruments	6	10
Gross debt	**226**	**274**
NET FINANCIAL POSITION	**560**	**682**

CHANGES IN NET FINANCIAL POSITION

	31/12/2015	31/12/2014
Net debt at the beginning of the year	**682**	**31**
Cash flows from operating activities	694	601
Cash flows from investing activities	(304)	321
Cash flows from financing activities	(18)	(22)
Dividends paid	(504)	(240)
Other (exchange differences, change in scope of consolidation, and other)	10	(9)
NET CASH (NET DEBT) AT THE END OF THE YEAR	**560**	**682**

NOTE 10 – OTHER CURRENT LIABILITIES

	31/12/2015	31/12/2014
Staff, social welfare, State	841	876
Deferred income	88	106
Other non-financial debt	743	767
TOTAL OTHER DEBT	**1,672**	**1,749**

NOTE 11 – INCOME FROM ORDINARY ACTIVITIES

BREAKDOWN BY NATURE OF INCOME

	2015	2014
Sales of products	2,127	2,426
Rendering of services	404	367
Construction contracts	9,429	9,603
Other income from ordinary activities	–	–
TOTAL REVENUE	**11,960**	**12,396**

INFORMATION REGARDING CONSTRUCTION CONTRACTS

	2015	2014
Works to be invoiced	412	456
Retentions for warranties	100	105
Works invoiced in advance	(326)	(320)
Payments received in advance	(60)	(183)

NOTE 12 – OTHER OPERATING INCOME AND EXPENSES

DETAIL OF OTHER OPERATING INCOME AND EXPENSES

	2015	2014
Profits allocated or losses transferred regarding unconsolidated joint ventures	51	49
Proceeds from disposal of non-current assets	145	66
Reversal of unused provisions and depreciations	106	91
Other current income[1]	356	402
OTHER INCOME FROM OPERATIONS	**658**	**608**
Losses allocated or profits transferred regarding unconsolidated joint ventures	(38)	(32)
Net book value of non-current assets disposed	(55)	(25)
Other current expenses	(88)	(75)
OTHER EXPENSES ON OPERATIONS	**(181)**	**(132)**

(1) Mainly expenses invoiced back to associates in joint ventures.

BREAKDOWN OF OTHER NON-CURRENT INCOME AND EXPENSES

	2015	2014
Other non-current income[1]	–	–
OTHER NON-CURRENT INCOME	**–**	**–**
Other non-current expenses[1]	(95)	(67)
OTHER NON-CURRENT EXPENSES	**(95)**	**(67)**

(1) 2014/2015: expenses related to the restructuring operations of the Mainland France Road's subsidiaries and SRD.

NOTE 13 – COST OF NET DEBT, OTHER FINANCIAL INCOME AND EXPENSES

COST OF NET DEBT

	2015	2014
Interest income from cash	16	17
Income from short-term deposits	1	1
Interest income	**17**	**18**
Interest expenses on cash	(14)	(16)
Interest on finance leases		(1)
Interest on financial debt	(22)	(19)
Interest expenses	**(36)**	**(36)**
COST OF NET DEBT	**(19)**	**(18)**

OTHER FINANCIAL INCOME AND EXPENSES

	2015	2014
Dividends received from unconsolidated investments	2	7
Release of financial provisions	9	10
Proceeds from disposal of financial assets	2	1
Other income		7
Other financial income	**13**	**25**
Net charge on financial provisions	(6)	(13)
Net book value of financial assets disposed	(4)	(2)
Other expenses	(5)	–
Other financial expenses	**(15)**	**(15)**
OTHER FINANCIAL INCOME AND EXPENSES	**(2)**	**10**

NOTE 14 – INCOME TAX EXPENSES

BREAKDOWN

	2015	2014
Current income tax	(94)	(56)
Deferred income tax	33	(4)
Tax adjustments or exemptions	1	1
Withholding taxes on dividends	(4)	(5)
Tax expenses	**(64)**	**(64)**
Tax provisions allocations/reversals	(4)	(1)
INCOME TAX EXPENSES	**(68)**	**(65)**

RECONCILIATION BETWEEN THEORETICAL TAX AND ACTUAL TAX EXPENSES

Differences between theoretical tax expenses, determined at the rate applicable to Colas SA, the Group's parent company, i.e. 34.43%, and effective income tax are as follows:

	2015	2014
Theoretical income tax	(79)	(98)
Impact of different tax rates of subsidiaries operating in other jurisdictions	24	27
Recognition of deferred tax assets not previously recognized	3	1
Unrecognized deferred tax assets(1)	(16)	(13)
Income taxes which are not linked to income	(7)	(5)
Effect of tax credits (French CICE and CIR)	20	22
Effect of permanent differences	(13)	1
INCOME TAX REPORTED IN INCOME STATEMENT	**(68)**	**(65)**

(1) Not reversible in a foreseeable future.

NOTE 15 – BASIC EARNINGS AND DIVIDENDS PER SHARE FROM CONTINUING OPERATIONS

Basic earnings per share from continuing operations are determined by dividing consolidated profit/(loss) attributable to the Group by the total number of shares outstanding at December 31, less the number of treasury shares expected to be written off.

	2015	2014
Consolidated net profit/(loss) (attributable to the Group) (in euros)	233,748,000	603,636,000
Number of issued shares	32,646,519	32,641,942
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in euros)	**7.16**	**18.49**

Diluted earnings per share is determined by dividing consolidated net profit/(loss) attributable to the Group by the total number of shares outstanding at December, 31 2015, plus the number of outstanding stock options.

Because there are no outstanding stock options, diluted earnings per share are identical to basic earnings per share.

DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in euros)	**7.16**	**18.49**

en euros	Per share	Total
Dividends decided and paid in 2015	15.40	502,879,284.60
Dividends submitted to approval of the General Shareholders' Meeting on April 13, 2016 (not recognized as liabilities at December 31, 2015)	5.45	177,967,019.55

NOTE 16 – SEGMENT REPORTING

IFRS 8 requires operating segment definition based on internal reporting reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance.

DETERMINATION OF GROUP'S SEGMENTS

The Group's operating activities are organized as follows:

- **Roads Mainland France** includes road activities in Mainland France;
- **Roads Europe** includes road activities in Europe (excluding France);
- **Roads North America** includes road activities in the United States and Canada;
- **Roads Rest of the World** includes road activities in Africa, North Africa, Indian Ocean, French Overseas Departments and Territories, Asia/Australia and Middle-East;
- **Specialized Activities** include specialized activities for France and elsewhere around the world: Waterproofing, Railways, Safety and Signaling, Networks, the Sales of refined oil products other than bitumen (base oils, paraffin and fuels);
- **Holding company** includes the Head Office of Colas.

RECONCILIATION

Internal reporting and accounting figures are identical; consequently no reconciliation schedule has been disclosed.

INFORMATION REGARDING MAIN CLIENTS

	Roads	Specialized activities	Total
States, public companies and local authorities	61%	50%	59%
Private companies and individuals	39%	50%	41%

No client individually exceeds 10% of the revenue.

INCOME STATEMENT BY BUSINESS SEGMENT

	Roads Mainland France	Roads Europe	Roads North America	Roads Rest of the World	Specialized Activities	Holding company	Consolidated
Year 2014 (reminder)							
Works	3,962	1,393	1,902	903	1,800	10	9,970
Sales of products	497	267	568	448	646		2,426
Income from ordinary activities	**4,459**	**1,660**	**2,470**	**1,351**	**2,446**	**10**	**12,396**
Income before depreciation	288	85	172	115	53	20	733
Depreciation	(140)	(42)	(99)	(48)	(60)	(12)	(401)
Current operating profit	**148**	**43**	**73**	**67**	**(7)**	**8**	**332**
Other operating income and expenses	(13)				(54)		(67)
Operating profit	**135**	**43**	**73**	**67**	**(61)**	**8**	**265**
Cost of net debt			(6)	(7)	(8)	3	(18)
Other financial income and expenses	7				1	2	10
Income tax expenses	(39)	(10)	(24)	(16)	16	8	(65)
Joint ventures and associates	5	5	3	16	(1)	385	413
CONSOLIDATED NET PROFIT/(LOSS)	**108**	**38**	**46**	**60**	**(53)**	**406**	**605**
Year 2015							
Works	3,548	1,413	2,040	926	1,893	13	9,833
Sales of products	434	261	626	469	334	3	2,127
Income from ordinary activities	**3,982**	**1,674**	**2,666**	**1,395**	**2,227**	**16**	**11,960**
Income before depreciation	218	109	242	121	42	32	764
Depreciation	(136)	(46)	(109)	(56)	(59)	(14)	(420)
Current operating profit	**82**	**63**	**133**	**65**	**(17)**	**18**	**344**
Other operating income and expenses	(7)				(88)		(95)
Operating profit	**75**	**63**	**133**	**65**	**(105)**	**18**	**249**
Cost of net debt		1	(5)	(6)	(6)	(3)	(19)
Other financial income and expenses						(2)	(2)
Income tax expenses	(23)	(13)	(46)	(13)	33	(6)	(68)
Joint ventures and associates	5	5	1	49	(1)	19	78
CONSOLIDATED NET PROFIT/(LOSS)	**57**	**56**	**83**	**95**	**(79)**	**26**	**238**

ASSETS, LIABILITIES BY BUSINESS SEGMENT

	Roads Mainland France	Roads Europe	Roads North America	Roads Rest of the World	Specialized Activities	Holding company	Consolidated
At December 31, 2014 (reminder)							
Segment assets	2,327	1,064	1,359	1,221	1,586	1,104	8,661
Segment liabilities	1,798	774	663	753	1,195	533	5,716
Current investments(1)	(139)	(33)	(83)	(75)	(60)	(23)	(413)
At December 31, 2015							
Segment assets	2,141	981	1,320	1,266	1,559	806	8,073
Segment liabilities	1,624	659	549	762	1,149	606	5,349
Current investments(1)	(81)	(36)	(91)	(50)	(61)	(12)	(331)

(1) Net investments in tangible and intangible assets.

REVENUE BY GEOGRAPHICAL SEGMENTS

	France	Europe (excl. France)	North America	Rest of the World	Consolidated
Year 2014 (reminder)					
Roads	4,920	1,668	2,470	882	9,940
Specialized Activities	1,655	638	6	147	2,446
Holding company	7			3	10
TOTAL	**6,582**	**2,306**	**2,476**	**1,032**	**12,396**
Year 2015					
Roads	4,483	1,678	2,666	890	9,717
Specialized Activities	1,549	500	3	175	2,227
Holding company	12			4	16
TOTAL	**6,044**	**2,178**	**2,669**	**1,069**	**11,960**

ASSETS AND LIABILITIES BY GEOGRAPHICAL SEGMENT

	France	Europe (excl. France)	North America	Rest of the World	Consolidated
At December 31, 2014 (reminder)					
Non-current assets	1,983	546	765	394	3,688
Current assets	2,982	788	594	609	4,973
Total assets	**4,965**	**1,334**	**1,359**	**1,003**	**8,661**
Non-current liabilities	719	207	151	56	1,133
Current liabilities	2,724	760	512	587	4,583
Total liabilities	**3,443**	**967**	**663**	**643**	**5,716**
NET ASSETS	**1,522**	**367**	**696**	**360**	**2,945**
At December 31, 2015					
Non-current assets	1,877	573	795	424	3,669
Current assets	2,578	683	525	618	4,404
Total assets	**4,455**	**1,256**	**1,320**	**1,042**	**8,073**
Non-current liabilities	699	218	127	42	1,086
Current liabilities	2,597	621	422	623	4,263
Total liabilities	**3,296**	**839**	**549**	**665**	**5,349**
NET ASSETS	**1,159**	**417**	**771**	**377**	**2,724**

NOTE 17 – FINANCIAL INSTRUMENTS

We disclose, hereafter, the total of all notional amounts outstanding at December 31, 2015 for each type of financial instrument, with breakdown by maturity for interest transactions, and by currency for currency trade.

HEDGING OF INTEREST RATE RISKS

Interest rate swap	Maturity			Total	Total
	Less than 1 year	1 to 5 years	More than 5 years	31/12/2015	31/12/2014
On financial assets	–	–	–	–	–
On financial liabilities	181	40	86	308	314

To ensure that the City of Portsmouth, Great Britain, is able to pay a fixed monthly fee for the duration of the twenty-five years of the road rehabilitation and maintenance contract, an interest rate swap, maturing January 2028, has been set up.

This swap is a floating rate receiver, fixed rate payer. Its par value is perfectly in line with the draw down and repayment schedule of the non-recourse loan, in order to back the debt fixed cost onto the monthly fee received. At December 31, 2015, that swap amounted to 71 million euros (52 million GBP).

Colas has contracted cyclical fixed-rate payers swaps to hedge the seasonal profile of its debt. The amount of these swaps is an average of 151 million euros and matures in 2016.

HEDGING FOR EXCHANGE RISKS MATURES

	USD(1)	GBP(1)	HUF(1)	Others(1)	31/12/2015	31/12/2014
Forward purchases	83	27	63	26	199	144
Forward sales	35	7		26	68	111

(1) Equivalent in euros.

HEDGING FOR COMMODITIES RISKS

	31/12/2015	31/12/2014
Forward purchases	–	2
Forward sales	1	19

FAIR VALUE OF HEDGING FINANCIAL INSTRUMENTS

At December 31, 2015, the net present market value of hedging financial instruments amounted to (27) million euros, including accrued interests not yet due. This amount mainly comprises the net present value of interest rate swap for Group debt hedging.

Breakdown of the market value by nature of hedging is as follows:

- transactions regarding fair value hedge: (1) million euros;
- transactions regarding cash flow hedge: (26) million euros;
- trading transactions: 0 million euros.

All portfolio transactions are carried out for purposes of hedging.

The impact of the market value of the interest rate swap set up for the contract with the City of Portsmouth (Great Britain), i.e. (18) million euros, including accrued interests not yet due is fully offset by the market value of the embedded derivative instrument regarding the fixed fee paid by the client, i.e., 18 million euros.

The total of valuation of financial instruments after deduction of embedded derivative financial instrument to fixed contractual fee paid by the City of Portsmouth is (9) million euros, including accrued interests not yet due.

In case of +1% transfer in interest rate yield curve (and respectively –1%, with a minimum level at 0%), the market value of hedging financial instruments would change from (27) to (19) million euros (respectively (36) million euros), including accrued interests not yet due.

In the event of an average unfavorable change of 1% against all other currencies, the market value of hedging financial instruments would remain at (27) million euros, including accrued interests not yet due.

In the event of an average unfavorable change of 1% in commodities prices, the market value of hedging financial instruments would remain at (27) million euros, including accrued interests not yet due.

Measurement has been made by an independent service provider, according to market practices.

NOTE 18 – OFF-BALANCE SHEET COMMITMENTS AND FINANCE LEASES DISCLOSURES

WARRANTY COMMITMENTS

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total 31/12/2015	Total 31/12/2014
Commitments given					
Endorsements and warranties	31	40	3	74	72
Commitments received					
Contractual commitments	–	–	–	–	–
Assets given as securities					
Mortgages and securities	12	54	8	74	100

The presentation of the commitments above includes all significant commitments, according to all currently applicable accounting rules.

OPERATING LEASE COMMITMENTS

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total 31/12/2015	Total 31/12/2014
Commitments given/received	38	68	70	176	178

Minimum lease payments up to contracts renewal date (or first cancel date) pertain to operating lease contracts for operating businesses (land, building, equipment, etc.).

OTHER COMMITMENTS GIVEN

In 2015, the Company issued guarantees under Section 17 of the Companies (Amendment) Act, 1986 of Ireland on behalf of Colas Teoranta, Road Maintenance Services Ltd, Colas Building Products Ltd, Cold Chon (Galway) Ltd, Colfix (Dublin) Ltd, Road Binders Ltd, Chemoran Ltd, Atlantic Bitumen Company Ltd, and Georgevale Ltd.

DISCLOSURE ON FINANCE LEASES IN BALANCE SHEET

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Future minimum lease payments	7	8	1	16
Finance charge	(1)	–	–	(1)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**6**	**8**	**1**	**15**
Reminder at December 31, 2014	7	12	2	21

NOTE 19 – WORKFORCE AND EMPLOYEE BENEFITS

EMPLOYEE BENEFITS: DEFINED CONTRIBUTION PLANS

	2015	2014
Amounts recognized as expense	846	851

These expenses comprise contributions to:

- social security, welfare;
- retirement pension funds (State and supplementary);
- unemployment insurance schemes.

EMPLOYEE BENEFITS: DEFINED BENEFIT PLANS

	Retirement indemnities		Pensions[1]	
	2015	2014	2015	2014
Current service costs	(7)	2	(13)	(4)
Interest costs	4	5	5	7
Expected return on plan assets			(4)	(5)
NET EXPENSES	**(3)**	**7**	**(12)**	**(2)**
Present value of obligations	204	211	412	414
Fair value of plan assets			(345)	(327)
NET RECOGNIZED LIABILITIES	**204**	**211**	**67**	**87**

(1) These pension schemes are managed by independent funds.

VARIATIONS OF BALANCE SHEET NET LIABILITIES

	Retirement indemnities		Pensions	
	2015	2014	2015	2014
At January 1	**211**	**198**	**87**	**67**
Exchange differences			2	4
Transfers	(1)			1
Acquisitions of subsidiaries	(1)		(1)	
Actuarial gains/losses in equity	(2)	6	(9)	17
Net expenses	(3)	7	(12)	(2)
AT DECEMBER 31	**204**	**211**	**67**	**87**

MAIN ACTUARIAL ASSUMPTIONS FOR DETERMINATION OF RETIREMENT INDEMNITIES AND LENGTH OF SERVICE AWARDS

The effect of changes in assumptions determined at the balance sheet of the year date has been recognized directly through equity, according to Group accounting policies (IAS 19 revised).

	2015	2014
Discount rates IBoxx € Corporate A10[1]	2.09%	2.01%
Survival tables	Insee 2006-2008	Insee 2006-2008
Average retirement age for managers and executives	65 years	65 years
Average retirement age for other employees and workers	63 years	63 years
Projected salaries increase	2.00%	2.00%

(1) A drop of 0.5% of the discount rate would lead to an increase in commitments of 15 million euros.
According to Group accounting principles, such an actuarial gain/loss would be recognized as "Other income and expenses".

EQUITY COMPENSATION BENEFITS

In 2015, options giving subscription rights for new Bouygues shares have been granted by Bouygues SA to certain Colas and Group subsidiary employees. The amount of these benefits is not significant.

NOTE 20 – RELATED PARTY DISCLOSURES

RELATED PARTIES IDENTITY

- Parties with ownership interest: Bouygues and its subsidiaries and associates companies.
- Joint ventures and joint activities: Carrières Roy and certain non-significant joint ventures.
- Associates: Tipco Asphalt, Mak and some non-significant associates.
- Other related parties: Colas Foundation, and other non-consolidated companies.

DETAILS OF RELATED PARTY DISCLOSURES

	Expenses		Income		Receivables		Payables	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Parties with ownership interest	65	55	197	198	457	684	15	49
Joint-ventures and joint activities	63	53	184	137	54	51	63	81
Associates	1	4	10	6	4	3	7	6
Other related parties	41	46	162	156	14	19	9	38
TOTAL	**170**	**158**	**553**	**497**	**529**	**757**	**94**	**174**
Maturity under 1 year						757	92	172
Maturity between 1 and 5 years							2	2
Maturity above 5 years							–	–

COMPENSATION OF SENIOR EXECUTIVES OF THE GROUP

Senior executives are members of the Executive Committee at December 31, 2015.

In 2015, like in 2014, it comprises six members: the Chairman and Chief Executive Officer and five salaried members.

Direct compensation

The amount of direct remuneration paid to the Management Committee in 2015, amounted to 6.8 million euros (6.5 million euros in 2014).

Post-employment benefits

Chairman and Chief Executive Officer: a supplementary pension plan amounting to 0.92% of reference salary for each year of service with a ceiling that is eight times that of French Social Security. The supplementary pension scheme has been externalized to an insurance company.

Other senior executives: Company's contribution regarding defined pension contribution plan (4% of the employees' wages).

Equity compensation benefits

The amount of the benefit linked to Bouygues shares 2015 attribution is not material.

Directors' fees

Directors' fees allocated to Directors in 2015 amounted to 165,200 euros.

NOTE 21 – ADDITIONAL INFORMATION ABOUT CASH FLOW STATEMENT

Presentation of the net cash flows resulting from acquisitions and disposal of subsidiaries

	31/12/2015	31/12/2014
Non-current assets	7	(47)
Current assets	(8)	(32)
Non-current liabilities	(3)	(3)
Current liabilities	(6)	37
Cash	20	773
NET ACQUISITION OR DIVESTMENT COST	**10**	**728**
Other effects of changes in scope of consolidation (cash of acquired and divested companies)	7	(2)
Net debt on financial fixed assets	5	(5)
CASH NET RESULTING FROM THE ACQUISITION OR THE DISPOSAL OF SUBSIDIARIES	**22**	**721**

NOTE 22 – AUDITORS' FEES

We disclose hereunder the fees charged by the Statutory Auditors and members of their network who carry out the legal audit of Colas Group consolidated accounts (subsidiaries subject to global integration).

	Mazars		KPMG	
	2015	2014	2015	2014
Colas parent company's Statutory Auditors				
– Colas	0.2	0.2	0.2	0.2
– Subsidiaries	2.7	2.6	3.9	3.6
– Secondary assignments				
Sub-total	**2.9**	**2.8**	**4.1**	**3.8**
Other assignments: law, tax, welfare	0.1	0.1	0.4	0.1
TOTAL	**3.0**	**2.9**	**4.5**	**3.9**

NOTE 23 – LIST OF MAIN CONSOLIDATED COMPANIES

The following companies are fully consolidated except in case of specific disclosure (EM: equity method).

Companies	Head office	% of stake	
		2015	2014
France			
Mainland France			
Colas Centre-Ouest	Nantes – France	99.9	99.9
Colas Île-de-France Normandie	Magny-les-Hameaux – France	99.9	99.9
Colas Nord-Picardie	Villeneuve-d'Ascq – France	99.9	99.9
Colas Est	Nancy – France	99.9	99.9
Colas Rhône-Alpes Auvergne	Lyon – France	99.9	99.9
Colas Midi-Méditerranée	Aix-en-Provence – France	99.9	99.9
Colas Sud-Ouest	Mérignac – France	99.9	99.9
Aximum	Chatou – France	99.9	99.9
Spac	Clichy – France	99.9	99.9
Smac	Boulogne-Billancourt – France	99.9	99.9
Colas Rail	Maisons-Laffitte – France	99.9	99.9
Société de la Raffinerie de Dunkerque	Dunkerque – France	100.0	100.0
SPEIG	Vélizy-Villacoublay – France	50.1	50.1
French Overseas Departments			
GTOI	Le Port – Reunion Island	99.9	99.9
SCPR	Le Port – Reunion Island	100.0	100.0
Colas Mayotte	Mamoudzou – Mayotte	100.0	100.0
Colas Martinique	Le Lamentin – Martinique	99.9	99.9
Sogetra	Les Abymes – Guadeloupe	99.9	99.9
Ribal Travaux Publics	Cayenne – French Guiana	99.9	99.9
French Overseas Territories			
Société Colas de Nouvelle-Calédonie	Noumea – New Caledonia	99.7	99.7
Europe (excluding France)			
Colas Belgium	Brussels – Belgium	99.9	99.9
Colas Danmark A/S	Glostrup – Denmark	100.0	100.0
Colas Ltd	Rowfant Crawley – Great Britain	100.0	100.0
Colas Hungaria	Budapest – Hungary	100.0	100.0
Colas Polska	Sroda Wielkopolska – Poland	100.0	100.0
Colas CZ	Prague – Czech Republic	99.1	99.1
ISK	Kosice – Slovakia	100.0	100.0
Cesty Nitra	Nitra – Slovakia	100.0	100.0
Colas Teoranta	Maynooth – Ireland	100.0	100.0
Colas Suisse Holding SA	Lausanne – Switzerland	99.2	99.2
North America			
Colas Canada Inc.	Montreal, Quebec – Canada	100.0	100.0
Colas Inc.	Morristown, New Jersey – United States	100.0	100.0
Africa – Indian Ocean			
Colas Gabon	Libreville – Gabon	89.9	89.9
Colas Madagascar	Antananarivo – Madagascar	100.0	100.0
Colas Afrique	Cotonou – Benin	100.0	100.0
Transinvest Construction Ltd	Petite Rivière – Mauritius	100.0	100.0
Gamma Materials (EM)	Beau Bassin – Mauritius	49.9	49.9
Colas du Maroc	Casablanca – Morocco	100.0	100.0
Grands Travaux Routiers	Rabat – Morocco	67.9	67.9
Colas South Africa	Cape Town – South Africa	100.0	100.0
Asia			
Asphalt Bangun Sarana	Jakarta – Indonesia	100.0	100.0
Highway Resources Ltd	Singapore – Singapore	100.0	100.0
Tipco Asphalt (EM)	Bangkok – Thailand	31.8	32.0
Hincol (EM)	Mumbai – India	30.0	30.0
Colas Australia	Sydney – Australia	100.0	100.0

NOTE 24 – MAIN EXCHANGE RATES USED FOR TRANSLATION

Convention: 1 euro = x local monetary units

Country	Currency	Rate 31/12/2015	Average rate 2015	Rate 31/12/2014	Average rate 2014
Europe					
Croatia	Croatian kuna	7.638	7.6137	7.6580	7.6344
Denmark	Danish kroner	7.4626	7.4587	7.4453	7.4548
Great Britain	British pound	0.734	0.7258	0.7789	0.8061
Hungary	Forint	315.98	309.9956	315.54	308.7061
Poland	Zloty	4.2639	4.1841	4.2732	4.1843
Czech Republic	Czech Republic koruny	27.023	27.2792	27.735	27.5359
Switzerland	Swiss franc	1.0835	1.0679	1.2024	1.2146
North America					
United States	US dollar	1.0887	1.1095	1.2141	1.3285
Canada	Canadian dollar	1.5116	1.4186	1.4063	1.4661
Other					
Australia	Australian dollar	1.4897	1.4777	1.4829	1.4719
Morocco	Dirham	10.7771	10.8253	10.9681	11.1686
Thailand	Baht	39.248	38.0278	39.91	43.1469

NOTE 25 – HELD-FOR-SALE ASSETS

At December 31, 2015, Colas has proposed to sell six subsidiaries in southeast Asia to the associated company Tipco Asphalt, a company that also sells bitumen and by-products.

If the sale is completed, these subsidiaries, which were fully consolidated in 2015, will be incorporated in 2016 under the equity method through Tipco Asphalt (at 31.8%).

The overall impact on the balance sheet of these operations is not sufficiently material to warrant its inclusion on a specific balance sheet line.

Amount of assets concerned: 79.

Amount of liabilities concerned: 34.

Statutory Auditors' report on the consolidated financial statements

FISCAL YEAR ENDED DECEMBER 31, 2015

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking readers.

This report on the consolidated financial statements should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present to you our report for the fiscal year ended December 31, 2015 on:

- the audit of the accompanying consolidated financial statements of Colas SA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also involves assessing the accounting principles used, significant estimates made, and the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the fiscal year give a true and fair view of the financial position, assets and liabilities, and results of the Group constituted by the persons and entities included in the consolidation, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

- Colas systematically performs impairment tests at least once per year on goodwill as well as assets with indefinite useful economic lives and also assesses whether there is any indication that non-current assets may be impaired, in accordance with the methodology described in note 2.7 "Non-current assets" in the section entitled "Monitoring the value of fixed assets and associated entities", and in note 3.3 "Goodwill", both included in the notes to the consolidated financial statements. We have examined how these impairment tests are performed and the assumptions used. We have also verified that the above-mentioned notes provide the appropriate disclosures;
- Colas recognizes the profit or loss of its construction business on the basis described in note 2.13 "Income statement" in the section entitled "Income from ordinary activities" in the notes to the consolidated financial statements. Based on the information provided to us, we have assessed the assumptions used by the Company in estimating the final profit or loss on project completion and have reviewed the data.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information relating to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

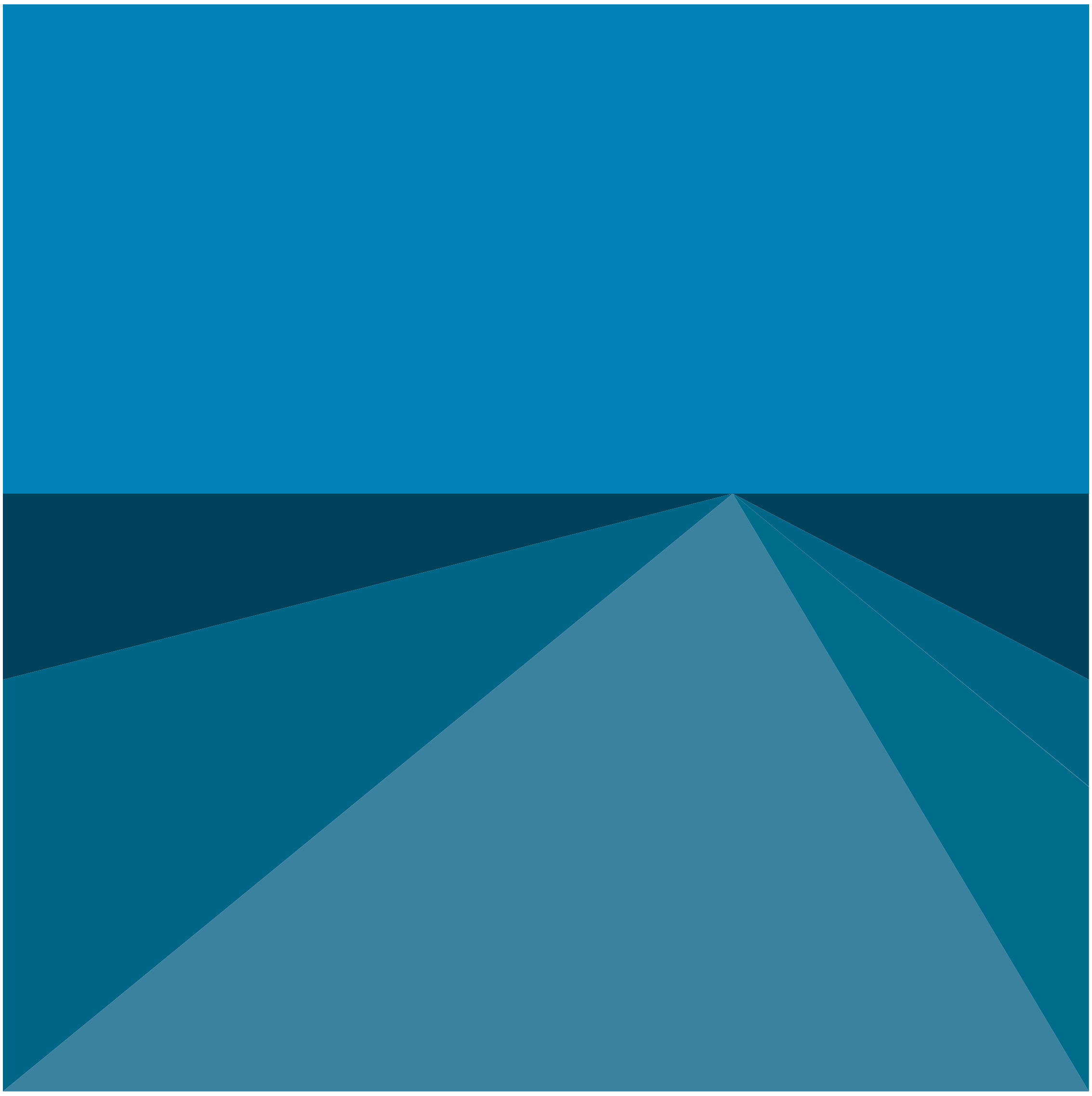
Paris-la Défense and Courbevoie, February 22, 2016

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

Colas Financial Statements

AT DECEMBER 31, 2015



Balance sheet at December 31

in millions of euros	Notes	2015	2014
Intangible assets		18.8	19.8
Property, plant and equipment		182.2	183.4
Holdings in subsidiaries and affiliates		1,342.2	1,345.3
Loans and advances to subsidiaries and affiliates		253.2	257.3
Other non-current financial assets		2.8	3.3
Non-current assets	3	**1,799.2**	**1,809.1**
Inventories		15.8	103.4
Trade receivables		65.1	84.6
Group and associates		125.3	136.2
Other current receivables and prepayments		58.0	30.1
Cash and cash equivalents		389.4	618.1
Current assets	4	**653.6**	**972.4**
TOTAL ASSETS		**2,452.8**	**2,781.5**
Share capital		49.0	49.0
Share premium and reserves		1,235.2	912.0
Net profit/(loss)		105.0	826.1
Tax-driven provisions		10.2	9.7
Equity	5	**1,399.4**	**1,796.8**
Provisions for contingencies and losses	6	**85.7**	**56.5**
Financial debt		–	–
Advance payments		–	–
Trade payables		48.9	120.0
Group and associates		775.3	698.1
Other non-financial debt, accruals and deferred income	9	126.6	96.7
Bank overdrafts and short-term loans		16.9	13.4
Liabilities	8	**967.7**	**928.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,452.8**	**2,781.5**

Income statement

in millions of euros	Notes	2015	2014
Revenue	10	**406.1**	**784.7**
Raw materials and consumables used		(181.5)	(552.6)
External charges		(170.3)	(195.9)
Personnel costs		(65.8)	(65.2)
Taxes other than income tax		(7.3)	(10.2)
Depreciation, amortization and depletion		(11.9)	(11.1)
Net provision allocations		5.5	(7.0)
Other operating income		29.1	86.1
Other operating expenses		(0.3)	(0.7)
Share of profits from joint ventures		(1.3)	(1.3)
Operating profit		**2.3**	**26.8**
Financial income		175.6	129.0
Financial expense		(33.0)	(38.0)
Interest income (expenses)	11	**142.6**	**91.0**
Profit from operations		**144.9**	**117.8**
Exceptional income		38.6	782.7
Exceptional expenses		(111.0)	(64.2)
Exceptional income(expenses)	12	**(72.4)**	**718.5**
Employee profit sharing scheme		(0.2)	(4.7)
Income taxes	13	32.7	(5.5)
NET PROFIT/(LOSS) FOR THE YEAR		**105.0**	**826.1**

Notes to the financial statements of Colas

Contents

The figures in the notes to the financial statements are presented in millions of euros unless otherwise stated.

NOTE 1 – INFORMATION ABOUT THE COMPANY

INFORMATION ABOUT THE COMPANY AND SIGNIFICANT FACTS OF THE YEAR

The financial statements of Colas for the year ended December 31, 2015 were approved by the Board of Directors and authorized for issue on February 22, 2016.

Colas is a French public *société anonyme* company incorporated in France.

Its main activities are described in note 10.

INFORMATION ON THE USE OF THE FRENCH COMPETITIVENESS & EMPLOYMENT TAX CREDIT (CICE)

During the fiscal year 2015, Colas recorded a Competitiveness & Employment Tax credit of 139,000 euros as a reduction in social security contributions.

The CICE tax credit enabled Colas to spend on projects designed to enhance competitiveness and to maintain a strong financial structure.

In particular, the following efforts were made during the year:

– the Company has made tangible and intangible assets in the amount of 13.1 million euros;

– the Company has made efforts to train beyond the statutory minimum;

– in addition, 12 people were recruited during the year for a total annual salary cost of 1.3 million euros.

SIGNIFICANT EVENTS OF THE YEAR 2015

The Société de la Raffinerie de Dunkerque (SRD)

Colas decided to divest or cease its activity in the production and sales of refined products in 2016, after recording losses for the last several years. The situation for this activity worsened yet again due to a sharp drop in oil prices in 2015.

Losses and expenses were posted for 2015 relating to the cessation of this activity for a total amount of 92 million euros.

The operation is posted in extraordinary items.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

PREPARATION OF THE FINANCIAL STATEMENTS

Colas' financial statements have been prepared in accordance with current French legal and regulatory provisions.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currency are recognized at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date.

INTANGIBLE ASSETS

Intangible assets are recognized at acquisition cost.

Start-up and research costs are expensed as incurred.

Intangible assets consist chiefly of patents and brands.

Business goodwill is not amortized; an impairment charge may be recognized if economic circumstances so require.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets or components of assets with different estimated useful lives, over their estimated useful lives, using the straight-line method. Land is not depreciated.

Office buildings	20 to 40 years
Industrial buildings	10 to 20 years
Plant and equipment	5 to 10 years
Other property and equipment (cars, trucks and office equipment)	3 to 10 years

NON-CURRENT FINANCIAL ASSETS

Equity interests are stated on the balance sheet at acquisition cost less any impairment deemed necessary, determined based on their value-in-use.

Acquisition costs have been carried as non-current assets since 2006.

Other non-current financial assets are carried at face value net of any impairment.

INVENTORIES

Inventories are measured at the lower of their cost and net realizable value.

Inventory costs include all purchase costs and costs of conversion.

Costs of purchase include the purchase price, import duties and other non-recoverable taxes, transport and handling costs incurred to bring the inventories to their current location.

Costs of conversion include all costs that are directly or indirectly incurred in converting raw materials into finished goods.

For future valuations costs are assigned using the first-in first-out or weighted average cost formulas, according to the type of inventories.

Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to complete the sale.

TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognized and carried at their original invoice amount less an allowance for any uncollectible amounts.

Trade receivables include unbilled revenue on work performed for which customers have not yet been invoiced.

PREPAID EXPENSES AND ACCRUED INCOME

These include among other items prepaid expenses and deferred taxes assets recoverable in future accounting periods.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity on inception of three months or less.

Short-term deposits are stated at cost less accumulated impairment if their net realizable value is lower than cost.

PROVISIONS FOR CONTINGENCIES AND LOSSES

Provisions are constituted when Colas has a current (legal or implicit) obligation arising from a past or current event and a cash disbursement is likely to be required to settle the obligation.

PENSIONS AND EMPLOYEE BENEFITS

Commitments with regard to pensions payable to employees on retirement are covered by the regular payment of contributions to pension funds that are independent from the Company.

Retirement indemnities

The cost of this employee benefit is determined using the "Projected Unit Credits actuarial method".

Actuarial gains or losses are only recognized as income or expenses when their total exceeds 10% of the total commitment (the "corridor" method).

Actuarial gains or losses are apportioned over the employees' average residual working life.

Length-of-service awards

Provisions are booked in respect of length-of-service awards, which the Company grants on an ongoing and systematic basis. An individual projection method is used to calculate these amounts taking into consideration staff turnover and average life expectancy, according to mortality tables.

The main actuarial assumptions used to calculate vested pension benefits are:

	2015	2014
Discount rate (IBoxx € corporate)	2.09%	2.01%
Average staff turnover rate	Insee 2006-2008	Insee 2006-2008
Executive retirement age	65 years	65 years
Retirement age of clerical, technical and supervisory staff and site workers	63 years	63 years
Future salary increases	2%	2%

REVENUE

Revenue represents the aggregate amount of sales generated and works and services provided.

Revenue from construction activities is recognized according to the percentage of completion method:
– on the basis of work completed for contracts of less than one year;
– on the basis of the latest estimate of the total contract price multiplied by the percentage of completion for long-term contracts.

CAPITAL GAINS OR LOSSES ON DISPOSAL OF ASSETS

In accordance with the recommendations made in the chart of accounts of the French Public Works sector, the capital gains on recurring disposals of equipment and installations have been recognized under operating profit.

INCOME TAX

Deferred taxes are determined in accordance with the balance sheet liability method for all the taxable or deductible temporary differences at the balance sheet date.

Taxable or deductible temporary differences include:

– all differences between the tax base of an asset or liability and its carrying amount in the balance sheet;

– carry-forwards of tax losses and unused tax credits.

When the net deferred taxes balance is a tax asset, that asset is recognized only to the extent that it is highly probable that taxable profit will be available against these deductible temporary differences in future accounting periods.

Deferred taxes assets or liabilities are measured on the basis of tax rates expected to be applied during the year in which the asset will be realized or the liability settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

CONSOLIDATION

As a member of the Bouygues Group, our Company's results are included in the Bouygues Group's consolidated financial statements.

NOTE 3 – NON-CURRENT ASSETS

	January 1, 2015	Acquisitions	Disposals and reductions	Charges and reversals	December 31, 2015
Intangible assets					
Gross	29.4	0.2			29.6
Amortization and impairment	(9.6)			(1.2)	(10.8)
Net	**19.8**	**0.2**		**(1.2)**	**18.8**
Tangible assets					
Gross	292.9	13.1	(7.1)		298.9
Depreciation and impairment	(109.5)		3.5	(10.7)	(116.7)
Net	**183.4**	**13.1**	**(3.6)**	**(10.7)**	**182.2**
Holdings in subsidiaries and affiliates					
Gross	1,513.3		(8.9)		1,504.4
Impairment	(168.0)			5.8	(162.2)
Net	**1,345.3**		**(8.9)**	**5.8**	**1,342.2**
Loans/advances to subsidiaries and affiliates					
Gross	315.3	173.8	(185.7)		303.4
Impairment	(58.0)			7.8	(50.2)
Net	**257.3**	**173.8**	**(185.7)**	**7.8**	**253.2**
Other non-current financial assets					
Gross	3.3	1.9	(2.4)		2.8
Impairment					
Net	**3.3**	**1.9**	**(2.4)**		**2.8**
TOTAL NON-CURRENT ASSETS	**1,809.1**	**189.0**	**(200.6)**	**(1.7)**	**1,799.2**

NOTE 4 – CURRENT ASSETS

	Gross	Impairment	2015 Net	2014 Net
Inventories	**18.0**	**(2.2)**	**15.8**	**103.4**
Trade receivables	**70.5**	**(5.4)**	**65.1**	**84.6**
Group and associates	**151.2**	**(25.9)**	**125.3**	**136.2**
Advances and down payments received on orders	0.2		0.2	1.1
Other current receivables	14.5		14.5	19.1
Prepaid expenses	0.4		0.4	0.6
Accrued income	1.1		1.1	8.8
Deferred taxes receivable	41.8		41.8	0.5
Other current receivables and regularization accounts	**58.0**		**58.0**	**30.1**
Marketable securities	1.1		1.1	1.7
Bouygues Relais cash management company	379.0		379.0	614.0
Cash and cash equivalents	9.3		9.3	2.4
Marketable securities, cash and cash equivalents	**389.4**		**389.4**	**618.1**
TOTAL CURRENT ASSETS	**687.1**	**(33.5)**	**653.6**	**972.4**

NOTE 5 – EQUITY

COMPOSITION OF THE SHARE CAPITAL

Colas had share capital of 48,981,748.50 euros at December 31, 2015.

It comprised 32,654,499 shares of 1.50 euro at par value, with all shares having the same rights (however, double voting rights are allocated to shares registered in the name of the same shareholder for more than two years).

TREASURY SHARES AS OF DECEMBER 31, 2015

Colas SA holds 7,980 shares for an amount of 1,063,745.20 euros.

YEAR VARIATIONS

(amounts in euros)	Number of shares	Share capital
At January 1, 2015	32,654,499	48,981,748.50
AT DECEMBER 31, 2015	**32,654,499**	**48,981,748.50**

MAIN SHAREHOLDERS

Bouygues SA	31,543,222	96.60%
Other shareholders	1,111,277	3.40%

CHANGE IN EQUITY

	January 1, 2015	Appropriation by AGM[1]	Capital increase	Other changes	December 31, 2015
Share capital	**49.0**				**49.0**
Share premium account	405.9				405.9
Revaluation reserve	2.7				2.7
Legal reserve	4.8				4.8
Blocked reserve	0.7				0.7
Other reserves	13.5				13.5
Retained earnings	484.4	323.2			807.6
Share premium and reserves	**912.0**	**323.2**			**1,235.2**
Net profit/(loss)	826.1	(826.1)		105.0	105.0
Tax-driven provisions	9.7			0.5	10.2
TOTAL SHAREHOLDERS' EQUITY	**1,796.8**	**(502.9)**		**105.5**	**1,399.4**

(1) Distribution of a dividend of 15.40 euros per share amounting to a total of 502,879,284.60 euros.

NOTE 6 – PROVISIONS FOR CONTINGENCIES AND LOSSES

	January 1, 2015	Increases	Provisions used	Provisions cancelled	December 31, 2015
Litigation and claims	4.4	1.2			5.6
Tax reassessments					
Risks related to foreign operations	2.0	1.0			3.0
Employee benefits	26.8	1.2	(0.1)		27.9
Risks related to subsidiaries and affiliates	22.7	31.9	(6.0)		48.6
Other provisions for contingencies	0.6				0.6
Provisions for losses					
PROVISIONS FOR CONTINGENCIES AND LOSSES	**56.5**	**35.3**	**(6.1)**		**85.7**

NOTE 7 – BREAKDOWN OF ACCOUNTS INVOLVING RELATED COMPANIES

	Assets	Liabilities	Income statement
Non-current financial assets	1,595.4		
Receivables	164.3		
Cash and cash equivalents	379.0		
Financial debt			
Non-financial debt		825.5	
Bank overdrafts			
Financial income			140.3
Financial expenses			(15.9)
TOTALS	**2,138.7**	**825.5**	**124.4**

NOTE 8 – RECEIVABLES AND PAYABLES BY MATURITY

	Net amount	Less than 1 year	From 1 to 5 years	More than 5 years
Receivables related to non-current assets	256.0	253.5	0.5	2.0
Receivables related to current assets	248.4	248.4		
Cash and cash equivalents	389.4	389.4		
RECEIVABLES	**893.8**	**891.3**	**0.5**	**2.0**
Financial debt				
Non-financial debt	950.8	950.8		
Overdrafts and short-term bank borrowings	16.9	16.9		
PAYABLES	**967.7**	**967.7**		

NOTE 9 – OTHER NON-FINANCIAL DEBT, ACCRUALS AND DEFERRED INCOME

	2015	2014
Tax and social security liabilities	38.4	40.3
Liabilities in respect of fixed assets	1.3	6.3
Other liabilities	74.7	36.7
Deferred income and other regularization accounts	12.2	13.4
TOTAL	**126.6**	**96.7**

NOTE 10 – BREAKDOWN OF REVENUE

	France	International	2015	2014
Works(1)		0.1	0.1	
Sale of products(2)	121.4	83.9	205.3	577.2
Provision of services(3)	112.4	88.3	200.7	207.5
REVENUE	**233.8**	**172.3**	**406.1**	**784.7**

(1) Project in Romania.
(2) Sales of oil products by SRD (Société de la Raffinerie de Dunkerque).
(3) Provisions of services to subsidiaries and affiliates.

NOTE 11 – FINANCIAL INCOME (EXPENSES)

	2015	2014
Dividends received from subsidiaries and affiliates	127.0	111.1
Net interest income (expenses)	(1.6)	0.8
Other financial provision (charges) reversals	13.1	(18.5)
Net gain on disposal of marketable securities	0.2	
Translation adjustment	3.9	(2.4)
Losses on advances to subsidiaries and affiliates		
NET FINANCIAL INCOME (EXPENSE)	**142.6**	**91.0**

NOTE 12 – EXCEPTIONAL INCOME (EXPENSES)

	2015	2014
Capital gain (loss) on the disposal of fixed assets (non-recurring disposals: land, buildings, non-current financial assets)	20.2	767.2
Other income (expenses) on management transactions (net)	(0.5)	(30.0)
Exceptional provision (charges) reversals	(92.1)	(18.7)
EXCEPTIONAL GAIN (LOSS)(1)	**(72.4)**	**718.5**

(1) Including SRD, termination costs: (92.1).

NOTE 13 – INCOME TAXES

BREAKDOWN OF THE TAX EXPENSES

	2015	2014
Current tax expenses for the year	(0.6)	(5.9)
Tax supplements or reductions for prior years	0.4	(0.5)
Deferred taxes	32.9	0.9
INCOME TAXES	**32.7**	**(5.5)**

BREAKDOWN OF THE TAX EXPENSES BETWEEN CURRENT PROFIT AND EXCEPTIONAL PROFIT

	Profit before tax	Tax due	Net profit/(loss) after tax
Current profit (after profit sharing)	144.7	4.7	149.4
Exceptional income (expenses)	(72.4)	28.0	(44.4)
TOTAL	**72.3**	**32.7**	**105.0**

BREAKDOWN OF DEFERRED TAXES

	Temporary differences
Non-current assets	(7.3)
Current assets	0.8
Provisions for contingencies and losses temporarily not deductible	28.1
Tax loss carried forward	99.7
Total deferred taxes bases	**121.3**
Tax rate	34.43%
DEFERRED TAXES AT FISCAL YEAR END	**41.8**
Deferred taxes at the beginning of the year	8.9
Deferred taxes (income) expense	**32.9**

Colas is a member of the tax consolidation group of Bouygues SA.

NOTE 14 – IMPACT OF DEROGATORY TAX-DRIVEN PROVISIONS ON PROFIT

Net profit/(loss)	105.0
Amounts charged for the year to tax-driven provisions	(0.9)
Reversals for year of tax-driven provisions	0.4
Impact on tax	–
NET PROFIT/(LOSS) EXCLUDING THE IMPACT OF TAX-DRIVEN PROVISIONS ON PROFIT	**104.5**

NOTE 15 – OFF BALANCE SHEET COMMITMENTS

FINANCE LEASE

None.

OTHER COMMITMENTS

	Guarantees	Letters of intent	Total
Subsidiaries and affiliates	149.8		149.8
Other related companies	7.5	13.3	20.8
Third parties	1.4		1.4
Commitments given	**158.7**	**13.3**	**172.0**
Commitments received	**–**	**–**	**–**

The Company issued a guarantee for 2015 pursuant to article 17 of the Companies (Amendment) Act 1986 of Ireland in favor of Colas Teoranta, Road Maintenance Services Ltd, Colas Building Products Ltd, Cold Chon (Galway) Ltd, Colfix (Dublin) Ltd, Road Binders Ltd, Chemoran Ltd, Atlantic Bitumen Company Ltd and Georgevale Ltd.

COLLATERAL GRANTED IN RESPECT OF DEBTS

None.

NOTE 16 – WORKFORCE AND REMUNERATION OF EXECUTIVE BODIES

AVERAGE WORKFORCE

	2015	2014
Managers and engineers	271	274
Clerical and technical	63	62
Site workers	–	–
TOTAL	**334**	**336**

COMPENSATION AWARDED TO MEMBERS OF THE EXECUTIVE BODIES

Total gross compensation (including benefits in kind but excluding variable compensation) paid in 2015 to Mr. Hervé Le Bouc, Chairman and Chief Executive Officer, amounted to 924,600 euros. Gross variable compensation for 2015 established in relation to quantitative and qualitative targets to be paid in 2016 will be 1,380,000 euros (1,380,000 euros in 2015). He received an amount of 20,000 euros in Directors' fees from Colas in 2015.

Mr. Hervé Le Bouc benefits from a supplementary pension plan as a member of the General Management Committee of Bouygues which represents 0.92% of yearly compensation per year of seniority in the said plan with a ceiling amounting to eight times that of French Social Security. This supplementary pension plan has not been posted as a provision since this plan consists of an insurance contract subscribed with an external organization and is governed by the procedure for regulated agreements.

The amount of directors' fees paid by Colas and its subsidiaries to the Directors of Colas in 2015 amounted to 165,200 euros (including the amount paid to the Chairman and Chief Executive Officer).

ADVANCE PAYMENTS AND LOANS GRANTED TO EMPLOYEES

None.

NOTE 17 – FEES PAID TO THE STATUTORY AUDITORS

	Mazars		KPMG	
	2015	2014	2015	2014
Statutory audit and certification of annual financial statements	0.2	0.2	0.2	0.2
Other fees	–	–	–	–
TOTAL	**0.2**	**0.2**	**0.2**	**0.2**

NOTE 18 – SUBSIDIARIES AND AFFILIATES

in millions of euros	Share capital	Other equity	% held	Value of securities Gross	Value of securities Net	Loans and advances granted	Guarantees provided	Revenue	Net income	Dividends received
1. Subsidiaries France										
Colas Centre-Ouest	7.4	34.9	44.3	3.4	3.4	74.0	3.9	583.6	(3.2)	
Colas Île-de-France Normandie	35.1	43.4	56.3	19.7	19.7		12.8	855.8	9.0	9.0
Colas Nord-Picardie	5.7	34.8	50.0	2.9	2.9		3.5	308.0	(3.2)	0.8
Colas Est	23.8	45.0	43.6	10.2	10.2	30.0	5.8	503.8	(3.6)	
Colas Rhône-Alpes Auvergne	20.1	79.7	64.4	36.1	36.1		2.0	569.1	3.7	8.8
Colas Midi-Méditerranée	9.0	60.6	76.6	6.1	6.1		6.0	596.9	16.3	14.3
Colas Sud-Ouest	14.8	50.9	47.0	5.8	5.8		3.4	574.2	5.6	5.3
Screg Ouest	11.7	9.8	99.9	21.0	21.0				0.2	
Screg Île-de-France Normandie	8.8	29.1	99.9	24.7	24.7				4.9	
Screg Nord-Picardie	12.1	19.6	99.9	19.7	19.7				0.7	
Screg Est	13.4	24.6	99.9	30.8	30.8			0.2	0.2	
Screg Sud-Est	8.3	30.5	99.9	23.7	23.7				5.0	
Screg Sud-Ouest	9.0	26.8	99.9	20.2	20.2				4.8	
Sacer Atlantique	4.4	2.2	99.9	4.4	4.4				0.8	
Sacer Paris Nord-Est	4.8	17.0	99.9	4.9	4.9				2.1	
Sacer Sud-Est	5.1	21.9	99.9	5.2	5.2				3.8	
Aximum	49.1	(11.4)	99.9	50.1	50.1	30.0	6.1	338.6	(5.5)	
Spac	5.1	11.8	99.9	14.3	14.3		0.3	197.5	5.0	
Smac	4.3	12.4	99.9	9.9	9.9		2.3	600.0	1.4	
Colas Rail	105.3	102.1	100.0	331.4	331.4	50.0	28.4	1,013.3	22.4	
Sté Raffinerie de Dunkerque	40.7	(49.3)	100.0	21.2	21.2			58.1	(32.2)	
G T O I	0.8	20.4	100.0	1.4	1.4		0.1	177.3	4.2	3.6
S C P R	0.5	19.2	100.0	30.3	30.3			57.0	0.8	
Ribal Travaux Publics	7.5	16.7	100.0	7.6	7.6			33.0	1.9	1.4
Gouyer	2.0	1.2	96.9	48.0	20.0			0.8	4.0	
Sogetra	0.1	10.3	100.0	3.5	3.5			33.0	4.8	1.0
Other French subsidiaries				9.8	8.6	86.7	71.3			9.0
Total subsidiaries France				**766.3**	**737.1**	**270.7**	**145.9**			**53.2**
2. Affiliates France										
Affiliates France				9.6	8.8	10.8	–	–	–	–
Total affiliates France				**9.6**	**89.8**	**10.8**	**–**	**–**	**–**	**–**
3. Foreign subsidiaries and affiliates										
Foreign subsidiaries				637.5	514.2	97.0	3.9			73.8
Foreign affiliates				91.0	82.1					
TOTAL				**1,504.4**	**1,342.2**	**378.5**	**149.8**			**127.0**

NOTE 19 – LIST OF SUBSIDIARIES, AFFILIATES AND MARKETABLE SECURITIES

Name	Number of securities	Book value in thousands of euros
Colas Centre-Ouest	3,299,998	3,354
Colas Île-de-France Normandie	19,739,196	19,726
Colas Nord-Picardie	2,849,998	2,897
Colas Est	10,393,974	10,193
Colas Rhône-Alpes Auvergne	12,925,962	36,061
Colas Midi-Méditerranée	6,899,996	6,123
Colas Sud-Ouest	6,938,751	5,848
Société de la Raffinerie de Dunkerque	2,670,000	21,163
Aximum	49,071,094	50,129
Screg Ouest	11,674,998	21,007
Screg Île-de-France Normandie	8,799,996	24,697
Screg Nord-Picardie	12,108,498	19,739
Screg Est	13,439,998	30,795
Screg Sud-Est	8,353,942	23,678
Screg Sud-Ouest	8,999,998	20,227
Sacer Atlantique	4,349,996	4,421
Sacer Paris Nord-Est	4,799,994	4,878
Sacer Sud-Est	5,099,996	5,183
Spac	5,099,994	14,330
Smac	4,299,994	9,930
Sobib	3,924,050	3,907
Adelac	859,050	8,590
Colas Rail	105,312,756	331,285
Grands Travaux de l'Océan Indien (GTOI)	799,964	1,381
SCPR	32,600	30,300
Ribal Travaux Publics	7,500,000	7,644
Sogetra	146,895	3,492
Gouyer	124,436	20,033
Colas Mayotte	18,548,640	927
Entreprise de Travaux Publics et de Concassage (ETPC)	79,999	200
Société Parisienne d'Études d'Informatique et de Gestion	790,345	944
Colasie	624,225	634
Colas Environnement et Recyclage	160,000	312
SCI Les Scop	1,000	1,029
SCI La Mouche	1,000	227
Other stakes in French companies	–	593
Other stakes in foreign companies	–	596,361
Total subsidiaries		**1,342,238**
Other securities held in French companies		6
Other securities held in foreign companies		–
Total other non-current financial assets		**6**
Certificates of deposit		–
SICAV mutual funds		–
Total marketable securities		**0**
TOTAL SUBSIDIARIES, AFFILIATES AND MARKETABLE SECURITIES		**1,342,244**

Results of the Company for the last five fiscal years

in thousands of euros	2011	2012	2013	2014	2015
Share capital at the end of the fiscal year					
Share capital	48,982	48,982	48,982	48,982	48,982
Number of shares issued	32,654,499	32,654,499	32,654,499	32,654,499	32,654,499
Number of bonds convertible into shares	None	None	None	None	None
Operations and results for the fiscal year					
Revenue excluding tax	757,399	871,316	913,060	784,712	406,077
Profit before tax, depreciation, amortization, and provisions	349,625	304,786	219,056	845,550	1,617
Income taxes	26,735	22,623	9,006	5,500	(32,709)
Profit sharing for the fiscal year	1,668	1,219	695	4,706	228
Profit after tax, depreciation, amortization and provisions	324,627	252,765	170,040	826,096	104,980
Distributed profit	237,072	237,072	237,072	502,879	177,967(1)
Basic earnings per share from continuing operations (in euros)					
Profit after tax but before depreciation, amortization, and provisions	9.89	8.64	6.43	25.73	1.05
Profit after tax, depreciation, amortization and provisions	9.94	7.74	5.21	25.30	3.21
Dividend per share	7.26	7.26	7.26	15.40	5.45(1)
Workforce					
Average workforce	341	347	342	336	334
Total payroll	47,554	47,527	46,897	47,132	47,519
Amounts paid in respect of social benefits (social security, etc.)	13,147	17,340	17,406	17,993	18,238

(1) Subject to the approval of the Shareholders' Meeting of April 13, 2016.

Proposed appropriation of earnings

The Board of Directors proposes to assign:

Earnings for the year:	104,980,455.13
Prior unappropriated retained earnings:	807,641,747.83
Total unappropriated earnings:	912,622,202.96
– to the legal reserve:	–
– dividend payout of 5.45 euros per share(1):	177,967,019.55
– balance transferred to unappropriated retained earnings:	734,655,183.41

(1) Subject to the approval of the Shareholders' Meeting on April 13, 2016.

Statutory Auditors' report on the parent company financial statements

FISCAL YEAR ENDED DECEMBER 31, 2015

This is a free translation into English of the Statutory Auditors' report on the parent company financial statements issued in French and is provided solely for the convenience of English-speaking readers.

This report on the parent company financial statements should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present to you our report for the fiscal year ended December 31, 2015 on:

- the audit of the accompanying parent company financial statements of Colas SA;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

The parent company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

1. OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the parent company financial statements are free from material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the parent company financial statements. It also involves assessing the accounting principles used, significant estimates made, and the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the parent company financial statements give a true and fair view of the Company's financial position, its assets and liabilities at December 31, 2015, and the results of its operations for the fiscal year then ended, in accordance with accounting principles generally accepted in France.

2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

As disclosed in note 2 "Non-current financial assets" to the parent company financial statements, shares in subsidiaries and affiliates held by Colas SA are recognized at their acquisition cost less any impairment deemed necessary and determined on the basis of their value in use. In the course of our work, we obtained assurance as to the coherence and consistency of the assumptions and calculation methods used.

These assessments were made as part of our audit of the parent company financial statements taken as a whole and therefore contributed to the formation of the audit opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also carried out, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the parent company financial statements of the information given in the report of the Board of Directors and in the documents addressed to shareholders concerned with the financial position and the parent company financial statements.

Regarding the disclosures provided in application of the provisions of article L. 225-102-1 of the French Commercial Code on the compensation and benefits paid to Company officers and on the commitments made to them, we have verified that this information is consistent with the financial statements or the data used to prepare these financial statements and, if applicable, with the information collected by your Company from the companies that control or are controlled by your Company. Based on these procedures, it is our opinion that these disclosures are accurate and fairly presented.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the identity of and percentage interests and voting rights held by shareholders.

Paris-la Défense and Courbevoie, February 22, 2016

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

Special report of the Statutory Auditors on regulated agreements and commitments

SHAREHOLDERS' MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

This is a free translation into English of the special report of the Statutory Auditors on regulated agreements and commitments issued in French and is provided solely for the convenience of English-speaking readers.

This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions and the factors justifying the interest for the Company of those agreements and commitments brought to our attention, or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments with a view to their approval.

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 fiscal year under review of agreements and commitments previously approved by the Shareholders' Meeting.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of Statutory Auditors) relating to this engagement. These procedures involved verifying that the information provided to us was consistent with its supporting documentation.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the fiscal year under review

In accordance with article L. 225-40 of the French Commercial Code, we have been advised of the following regulated agreements and commitments submitted for the prior authorization of your Board of Directors.

a) Service agreement and equity holdings management agreement entered into with Bouygues and its subsidiary Bouygues Développement

At its meeting of February 23, 2015, the Board of Directors authorized the signing of a consulting and management services agreement with Bouygues SA, directly or through the intermediary of its wholly owned subsidiary Bouygues Développement, as part of any minority equity interests that Colas SA may acquire in innovative start-ups.

This agreement makes it possible to set the terms and conditions for the execution and remuneration of services provided to Colas as part of an approach to promote open innovation and create synergies between Colas and innovative start-ups.

This contract was not applied in 2015.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

b) Consulting service agreement entered into with weave Air

At its meeting of February 23, 2015, the Board of Directors authorized the signing of an agreement with strategy and innovation consulting firm weave Air to carry out a project.

The corresponding expenses recognized by Colas SA during the fiscal year ended December 31, 2015 amounted to 44,000 euros excluding tax.

Person concerned: Catherine Ronge.

c) Colas Rail Ltd pension fund

Given the deficit of the defined benefit pension fund of Colas Rail Ltd, a Colas Rail subsidiary, during the 2012 fiscal year the Trustees requested that guarantees be issued.

In order to avoid issuing a Colas parent company guarantee, as requested by the Trustees, Colas Rail issued a parent company guarantee covering the obligations of its subsidiary Colas Rail Ltd, and Colas SA made its receivable with respect to Colas Rail subordinate to the payment of Colas Rail's principal debt (in respect of its parent company guarantee) owed to the Trustees.

With the guarantees issued expiring in fiscal year 2015 and the pension fund still underfunded, the Trustees demanded the extension of Colas Rail's parent company guarantee, covering the commitments of its subsidiary Colas Rail Ltd, and the continued subordination of the Colas SA receivable to the payment of Colas Rail's principal debt owed to the Trustees.

At its meeting on May 7, 2015, the Board of Directors authorized the extension of Colas Rail's parent company guarantee covering the commitments of its subsidiary and the continued subordination of the Colas SA receivable to the payment of Colas Rail's principal debt owed to the Trustees. As a reminder, this debt subordination takes the form of:

• a quadripartite agreement between Colas Rail Ltd, Colas Rail, the Trustees, and Colas subordinating the 30 million euros Colas SA receivable to the payment of Colas Rail's principal debt owed to the Trustees;

• a loan agreement officially substantiating the 30 million euros existing Colas SA receivable from Colas Rail, including a reference to the subordination obligations under the quadripartite agreement.

Person concerned: Hervé Le Bouc.

d) Signing of a *bail en l'état futur d'achèvement* (BEFA off-plan lease) with Bouygues Immobilier

As the lease for the property where Colas SA's current registered office is located in Boulogne-Billancourt (France) expires on December 28, 2017, the Board of Directors, at its meeting on July 23, 2015, authorized the signing of a BEFA off-plan lease with Bouygues Immobilier for the lease of new property to serve as the registered office for a period of twelve years as of the date when the building is made available, which is expected to be in May 2018.

The solution of taking out a BEFA off-plan lease for this property, which will be located at 2-10, rue Guynemer in Issy-les-Moulineaux, was preferred over purchasing property in order to preserve Colas' investment capacity for operating activities.

The annual lease payment to be made to the lessor Bouygues Immobilier was set at 3,478,200 euros, excluding taxes and expenses. Lease payments will be made starting at the date when the property is made available, and therefore had no impact on the 2015 financial statements; their impact will be reflected starting in the 2018 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Jean-François Guillemin and Bouygues SA represented by Philippe Marien.

e) Agreement to participate with Bouygues SA in two events as part of the COP21 climate change conference

At its meeting of August 25, 2015, the Board of Directors authorized the signing of an agreement to participate with Bouygues SA in two events as part of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in the last quarter of 2015 in Paris.

To that effect, Bouygues leased two locations and entered into agreements with various service providers to take part in two shows: World Efficiency from October 12 to 15, 2015, and La Galerie des Solutions from December 2 to 9, 2015.

The aim of this agreement is to enable Colas SA to showcase its solutions and participate in these two events, in conjunction with the other businesses in the Bouygues Group.

The corresponding expenses recognized in the financial statements for the fiscal year ended December 31, 2015 by Colas SA amounted to 75,000 euros excluding tax.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues and Bouygues SA represented by Philippe Marien.

f) Joint and several guarantee for the builders joint venture (GIE Constructeur) for the Nîmes-Montpellier bypass project

As a reminder, as part of the construction of a high-speed rail line between the cities of Nîmes and Montpellier, a builders joint venture (GIE Constructeur) including certain Colas companies entered into a design-build contract with Oc'Via, the main project company. With respect to that contract, at its meeting of June 21, 2012, the Board of Directors authorized the signing of a joint and several guarantee issued by Colas SA, Bouygues Construction, Alstom Transport and Spie Batignolles to the project company Oc'Via, the aim of which was to provide Oc'Via with a guarantee for all of the builders joint venture's obligations for their entire duration.

During the 2015 fiscal year, following a request by the legal adviser of the lenders and the lenders' agent, the Board of Directors, at its meeting on August 25, 2015, authorized the issuance of a confirmation that the parent company guarantee entered into on June 28, 2012 by Oc'Via, Colas SA, Bouygues Construction, Alstom Transport and Spie Batignolles did indeed cover the amounts that the Oc'Via joint venture would be liable to pay, in order to avoid any other interpretation of the scope of said guarantee.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, Jean-François Guillemin and Bouygues SA represented by Philippe Marien.

g) Shared services agreement entered into with Bouygues SA

At its meeting of November 9, 2015, the Board of Directors authorized the renewal for a period of one year of the shared services agreement signed between Bouygues SA and Colas SA, under which Bouygues provides services to the various sub-groups, in particular in the fields of management, human resources, information technology and finance.

Furthermore, at its meeting of February 22, 2016, the Board of Directors authorized the signing of a new shared services agreement that will replace, as of January 1, 2016, the shared services agreement which was authorized for renewal at the Board of Directors' meeting on November 9, 2015. The main changes made by this new agreement concern in particular the description of services, updates to certain definitions and the principles of billing for shared services.

This new agreement had no impact on the 2015 financial statements. Its effects will be reflected in the 2016 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

h) Cash management agreement entered into with Bouygues Relais

At its meeting on November 9, 2015, the Board of Directors authorized the continuation of the cash management agreement signed with Bouygues Relais, for one additional year (expires on March 1, 2017).

The renewal of this agreement had no impact on the 2015 financial statements. Its effects will be reflected in the 2016 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

i) Agreement for the use of aircraft

At its meeting of November 9, 2015, the Board of Directors authorized the renewal of the agreement and the rider to the agreement relating to the use of Bouygues Group aircraft, with SNC AIRBY (a Bouygues SA and SCDM subsidiary), for the 2016 fiscal year, under the same conditions as those approved by the Shareholders' Meeting of April 14, 2015.

Regarding the aircraft made available by Bouygues Group, the Global 5000, the overall price per flight hour is revised annually to account for changes in market prices. In the case of an aircraft leased by SNC Airby, the aircraft is made available to Colas SA at lease cost, plus an amount of 1,000 euros excluding VAT, which corresponds to the provision of the aircraft and related services.

The renewal of this agreement had no impact on the 2015 financial statements. Its effects will be reflected in the 2016 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

j) Supplemental defined benefit pension plan

At its meeting of November 9, 2015, the Board of Directors authorized the continuation, for fiscal year 2016, of the agreement relating to the supplemental defined benefit pension plan of which Hervé Le Bouc is beneficiary as Chairman and Chief Executive Officer of Colas SA.

This agreement covers a supplemental defined benefit pension plan for Hervé Le Bouc that includes the following:

- the amount of the additional annuity is 0.92% of the reference salary per year of membership in the plan, subject to a maximum of eight times the annual social security ceiling in France;
- contributions by the Company made to the fund constituted by the insurer vary depending on the rights acquired by the beneficiary and the expected returns of the amounts invested.

The renewal of this agreement had no impact on the 2015 financial statements.

Person concerned: Hervé Le Bouc.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during previous fiscal years that remained in force during the fiscal year under review

In accordance with article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which were approved in prior fiscal years remained in effect during the fiscal year under review.

a) Cash management agreement entered into with Bouygues Relais

At its meeting on November 7, 2014, the Board of Directors authorized the continuation, for one additional year, of the cash management agreement signed with Bouygues Relais, which expires on March 1, 2016. This cash management agreement is composed of bridge loans backed by confirmed medium-term bank lines, granted to Colas SA, with a residual maturity of over one year.

On February 16, 2015, two medium-term credit lines had expired, and the maximum amount of the cash management agreement was changed to 510 million euros (versus 850 million euros in the agreement approved by the previous Shareholders' Meeting of April 14, 2015).

Pursuant to said agreement, Colas SA has a receivable of 379 million euros as of December 31, 2015 with respect to Bouygues Relais. In addition, cash transactions made during fiscal year 2015 generated a net gain of 398,583 euros.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

b) Shared services agreement entered into with Bouygues SA

At its meeting of November 7, 2014, the Board of Directors authorized the renewal for a period of one year of the shared services agreement signed between Bouygues SA and Colas SA, under which Bouygues provides services to the various sub-groups, in particular in the fields of management, human resources, information technology and finance. This agreement was approved by the Shareholders' Meeting on April 14, 2015.

The corresponding expenses recognized by Colas SA during the fiscal year ended December 31, 2015 amounted to 15,631,641 euros.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

c) Agreement for the use of aircraft

At its meeting on November 7, 2014, the Board of Directors authorized the renewal of the rider pursuant to the agreement relating to the use of aircraft with SNC AIRBY, a subsidiary of Bouygues SA and SCDM, for fiscal year 2015, as well as the renewal of the agreement for fiscal year 2015. This agreement was approved by the Shareholders' Meeting on April 14, 2015.

Regarding the aircraft made available by Bouygues Group, the Global 5000, the overall price per flight hour remained unchanged in 2015, at 7,000 euros excluding tax per flight hour. Invoices are sent each time the aircraft is made available.

In the case of an aircraft leased by SNC AIRBY, the aircraft is made available to Colas SA at lease cost, plus an amount of 1,000 euros excluding VAT, which corresponds to the provision of the aircraft and related services.

The corresponding expenses recognized by Colas SA during the fiscal year ended December 31, 2015 amounted to 838,258 euros.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

d) Tax consolidation agreement

The tax consolidation agreement between Colas SA and Bouygues SA, renewed on December 15, 2011, continued to apply in 2015. This agreement is subject to automatic renewal for a period of five fiscal years, thus from January 1, 2012 to December 31, 2016.

This agreement governs the apportionment of tax expenses within the consolidated group constituted by the parent company Bouygues SA, pursuant to article 223-A of the French General Tax Code, attributing tax expenses to Colas SA that it is jointly and severally liable to pay.

As part of the agreement, Colas SA authorized Bouygues SA to become solely liable to pay the corporate income tax of Colas SA, with regard to determining the taxable profit of the Group as a whole.

Persons concerned: François Bertière, Hervé Le Bouc, Olivier Bouygues, Jean-François Guillemin, Colette Lewiner and Bouygues SA represented by Philippe Marien.

e) Sale of land in La Roche-sur-Yon

At its meeting of January 15, 2015, the Board of Directors authorized the proposed sale of 825 m^2 of land by Colas SA to Colas Centre-Ouest for the sum of 5,489 euros excluding expenses and taxes, in order to allow Colas Centre-Ouest to grant a long-term lease to the lessee, who operates a solar panel installation on the property.

This commitment was not applied in 2015.

Person concerned: Hervé Le Bouc.

f) Counter joint and several guarantee for the builders joint venture (GIE Constructeur) for the L2 bypass project in Marseille

In connection with the L2 bypass construction project, on September 25, 2013, the Board of Directors authorized the issuance of a joint and several guarantee for the builders joint venture (GIE Constructeur) by Colas SA as the parent company of Colas Midi-Méditerranée benefiting Bouygues Construction.

Persons concerned: Olivier Bouygues, Jean-François Guillemin and Bouygues SA represented by Philippe Marien.

g) Parent company guarantee on behalf of Colas Nord-Picardie for the "Calais Port 2015" project

At its meeting of January 15, 2015, the Board of Directors authorized the signing by Colas SA of a parent company guarantee on behalf of its subsidiary Colas Nord-Picardie, in favour of Bouygues Construction.

This guarantee is granted as part of a design-build contract related to the "Calais Port 2015" project, for 675.3 million euros excluding taxes, entered into by the special-purpose joint venture (GME), in which Colas Nord-Picardie has a 14.2% stake, and Société des Ports du Détroit (SPD), the project owner.

Persons concerned: Olivier Bouygues, Jean-François Guillemin and Bouygues SA represented by Philippe Marien.

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FISCAL YEARS THAT WERE NOT EXECUTED DURING THE FISCAL YEAR UNDER REVIEW

We have also been advised that the following commitment, which was approved in prior fiscal years, was not executed during the fiscal year under review.

Supplemental defined benefit pension plan

At its meeting of November 7, 2014, the Board of Directors authorized the continuation, for fiscal year 2015, of the agreement relating to the supplemental defined benefit pension plan of which Hervé Le Bouc is beneficiary as Chairman and Chief Executive Officer of Colas SA.

This commitment was not applied in 2015.

Person concerned: Hervé Le Bouc.

Paris-la Défense and Courbevoie, February 24, 2016

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

Statutory Auditors' report on the capital reduction

SHAREHOLDERS' MEETING OF APRIL 13, 2016, RESOLUTION 10

This is a free translation into English of the Statutory Auditors' report on the capital reduction issued in French and is provided solely for the convenience of English-speaking readers.

This report on the capital reduction should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in article L. 225-209 of the French Commercial Code in the event of a reduction in share capital by way of the retirement of shares purchased, we hereby report on our assessment of the reasons for and conditions of the proposed reduction in share capital.

Your Board of Directors proposes that you confer all necessary powers on it, for a period of eighteen months as from the date of this Shareholders' Meeting, to retire, up to a maximum of 10% of its share capital per twenty-four-month period, the shares purchased by your Company pursuant to the authorization to purchase its own shares in application of the provisions of the above-mentioned article.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of Statutory Auditors) relating to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed reduction in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments to make on the reasons for or conditions of the proposed reduction in share capital.

Paris-la Défense and Courbevoie, February 22, 2016

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

Independent verifier's report on the consolidated employee, environmental and social information in the management report

FISCAL YEAR ENDED DECEMBER 31, 2015

This is a free translation into English of the Independent verifier's report on the consolidated employee, environmental and social information in the management report issued in French and is provided solely for the convenience of English-speaking readers.

This report on the consolidated employee, environmental and social information in the management report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent verifier accredited by Cofrac[1] under no. 3-1050, we hereby present our report on consolidated employee, environmental and social information for the fiscal year ended December 31, 2015, as presented in the section of the management report entitled "CSR reporting", hereafter referred to as the "CSR Information", pursuant to the provisions of article L. 225-102-1 of the French Commercial Code.

The Company's responsibility

It is the responsibility of the Board of Directors to prepare a management report including the CSR Information required under article R. 225-105-1 of the French Commercial Code, in accordance with the guidelines used by the Company, which comprise the 2015 versions of the Colas SA reporting guide for CSR indicators and the Bouygues Group protocol for reporting on employee-related, environmental and social issues (hereafter referred to as the "Guidelines"), which are summarized in the introduction to sections "I – Employee information" and "II – Environmental information" of the management report and are available on request from the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the code of ethics of our profession and the provisions of article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

The independent verifier's responsibility

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an explanation has been provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation of presence of CSR Information);
- to express a limited assurance conclusion that, taken as a whole, the CSR Information is fairly presented, in all material aspects, in accordance with the Guidelines (Limited assurance on CSR Information).

Our work was undertaken by a team of six people between September 2015 and February 2016 for a period of approximately nine weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the order of May 13, 2013 determining the conditions under which an independent verifier should conduct its mission, and with regard to the limited assurance on CSR Information, in accordance with ISAE 3000[2].

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the presentation of the Company's sustainable development strategy, which is based on the employee-related and environmental consequences linked to the Company's activities and its societal commitments, as well as, where applicable, any resulting actions or programs.

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

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions of article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, namely the Company and its subsidiaries, as construed under article L. 233-1 of the French Commercial Code, and the companies that it controls, as construed under article L. 233-3 of the same Code, subject to the limits specified in the introductory material preceding sections "I – Employee information" and "II – Environmental information".

Based on this work, and given the limitations mentioned above, we confirm the presence of the required CSR Information in the management report.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of work

We undertook approximately ten interviews with some twelve people responsible for preparing the CSR Information at the Environment, Human Resources, Health and Safety, Executive Management, Accounting and Technical departments in charge of the data collection process and, where applicable, the people responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where applicable, any industry standards;
- verify the implementation of the process for collecting, compiling, processing and verifying the CSR Information for completeness and consistency and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its activities' employee-related and environmental issues, its strategy with regard to sustainable development and industry best practices.

For the CSR Information which we considered to be the most important(3):

- at the level of the consolidating entity, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, initiatives, etc.). We carried out analytical procedures on the quantitative information and, based on sampling, verified the calculations and the consolidation of data. We also verified the coherence of this data and its consistency with the other information provided in the management report;
- at the level of the representative sample of entities that we selected(4) based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample thus selected represented 9% of revenue and 10% of the workforce.

For the other consolidated CSR information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of any explanations relating to the total or partial absence of certain elements of information.

We consider that the sampling methods and sample sizes that we applied using our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Because sampling techniques were used, and in light of the other functional limitations inherent in any internal control and information system, it is impossible to completely rule out the non-detection of a material misstatement in the CSR Information.

Conclusion

Based on our work, we have not identified any material misstatement that may have caused us to believe that the CSR Information, taken as a whole, has not been fairly presented in compliance with the Guidelines.

Remarks

Without qualifying our conclusion above, we draw your attention to the fact that new employee indicators were implemented in 2015 outside France; the way these new indicators are processed, in particular those related to "absence rate", "organization of working time" and "anti-discrimination policy", may need to be defined in further detail given the differences in employee-related frameworks between different countries and the Company's priorities.

Paris-la Défense, February 22, 2016

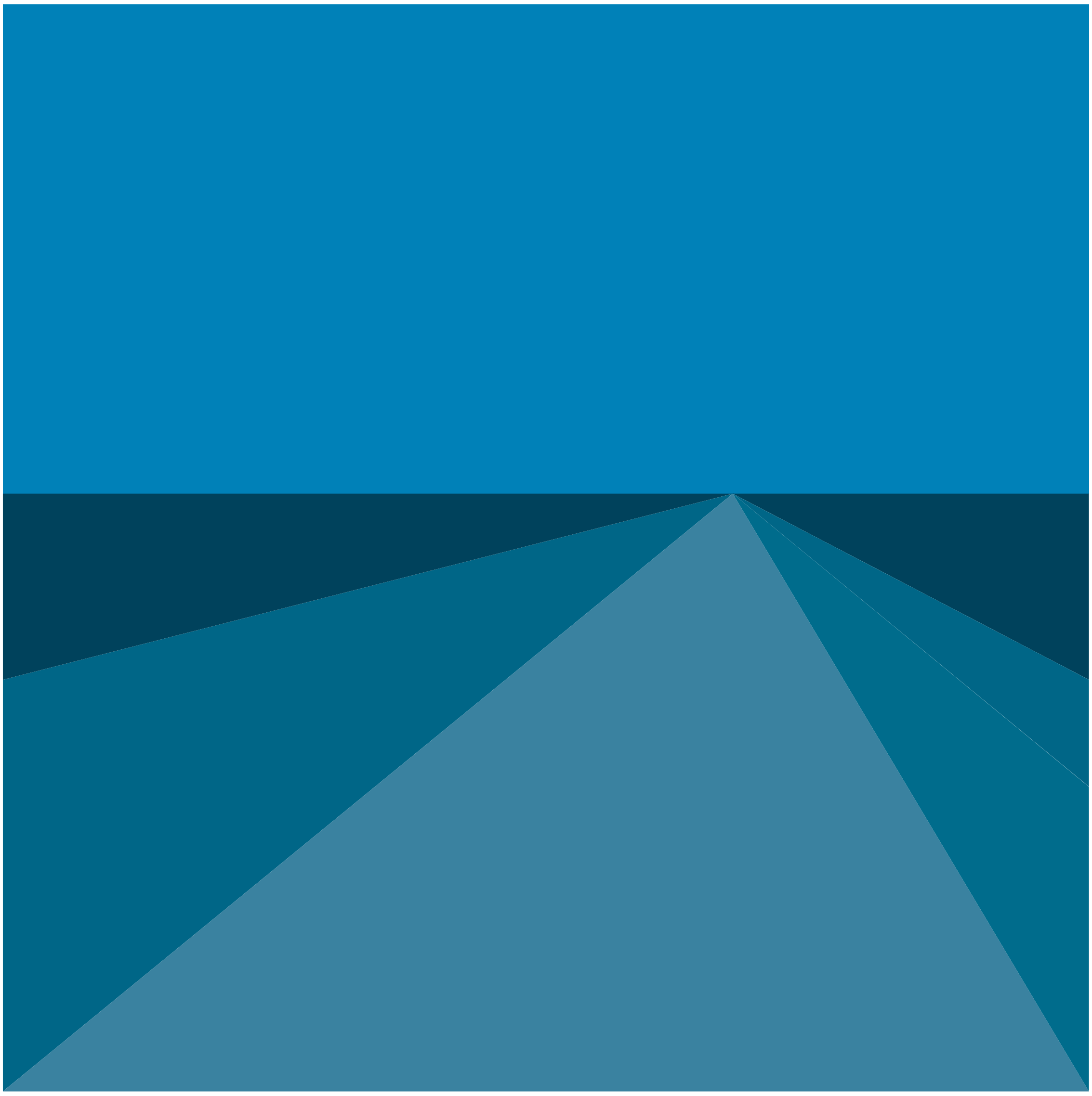
Independent Verifier

ERNST & YOUNG et Associés

Éric Mugnier	Bruno Perrin
Sustainable Development Partner	*Partner*

(1) Scope of accreditation available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.
(3) Employee information:
– Quantitative information (indicators): workforce and movements, proportion of women managers (France), proportion of women managers (International), frequency rate of employee workplace accidents (World), proportion of companies that provide social benefits (International) and the proportion of companies that have a training plan (International). The International scope concerns companies with more than 300 employees.
– Qualitative information: employment, absence rate, health and safety conditions, occupational illnesses, policies implemented as regards training and anti-discrimination policy.
Environmental and social information:
– Quantitative information (indicators): percentage of materials production activities with environmental certification or self-evaluation using Colas checklists, quantity and ratio of recycled materials over total aggregates produced, quantity and percentage of reclaimed asphalt pavement with bitumen recovery, energy consumed per metric ton of mix produced, percentage of warm mix and low-temperature mix, proportion of aggregate production activities taking action to promote biodiversity, proportion of materials production activities with an organization for local dialogue.
– Qualitative information: general environmental policy, evaluation and certification programs, energy consumption and measures taken to improve energy efficiency (Cleanergie program), greenhouse gas emissions, relations with suppliers and subcontractors (responsible purchasing approach), fair trade practices and anti-corruption actions.
(4) Colas Île-de-France Normandie, Colas in Morocco and HRI (United States).

Resolutions



Ordinary meeting resolutions

FIRST RESOLUTION

Approval of the parent company financial statements

The Shareholders' Meeting, after the reading of the Board of Directors' management report and the Statutory Auditors' general report, approves the Company's financial statements for fiscal year 2015 – which include the balance sheet, the income statement and the notes, which show a profit of 104,980,455.13 euros – in addition to the transactions reflected in these statements and summarized in these reports.

The Shareholders' Meeting grants full discharge to the Directors for their management.

The Shareholders' Meeting recognizes that the expenses specified in articles 39-4 and 223 *quater* of the French General Tax Code, which are subject to corporate income tax, totaled 26,895 euros for fiscal year 2015.

SECOND RESOLUTION

Approval of the annual consolidated financial statements

The Shareholders' Meeting, after the reading of the Board of Directors' management report and the Statutory Auditors' general report, approves the annual consolidated financial statements for fiscal year 2015 – which include the balance sheet, the income statement and the notes, and which show a net profit attributable to the Group of 233,748,000 euros – in addition to the transactions reflected in these financial statements and summarized in these reports.

THIRD RESOLUTION

Earnings and earnings appropriation

The Shareholders' Meeting approves the Board of Directors' proposal to appropriate earnings as follows:

Earnings for the year:	104,980,455.13
Prior unappropriated retained earnings:	807,641,747.83
Total unappropriated earnings:	**912,622,202.96**
to the legal reserve:	–
to a dividend payout in the amount of:	177,967,019.55
and the remainder to unappropriated earnings:	734,655,183.41

The dividend of 5.45 euros per share shall be paid by Colas, the issuing company, as of April 27, 2016. For shareholders subject to income tax in France, this dividend per share is eligible for a 40% tax rebate pursuant to article 243 *bis* of the French General Tax Code.

The Shareholders' Meeting decides that this dividend is to be paid in cash.

As required by law, we remind you that the following dividends were paid during the past three fiscal years on shares with a par value of 1.50 euro:

Fiscal year	Dividend
2013	€7.26
2014	€7.26
2015	€15.40(1)

(1) Of which 11.40 euros: special dividend.

FOURTH RESOLUTION

Approval of the agreements and transactions specified in articles L. 225-38 *et seq.* of the French Commercial Code

The Shareholders' Meeting, on the basis of the Statutory Auditors' special report concerning the agreements and transactions specified in articles L. 225-38 *et seq.* of the French Commercial Code, approves all such agreements and transactions mentioned in this report.

FIFTH RESOLUTION

Reappointment of a Director

The Shareholders' Meeting renews Catherine Ronge's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2017.

SIXTH RESOLUTION

Reappointment of a Director

The Shareholders' Meeting renews Jean-François Guillemin's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2017.

SEVENTH RESOLUTION

Authorization to be granted to the Board of Directors to allow the Company to carry out transactions in its own shares

Pursuant to the French Commercial Code, particularly articles L. 255-209 *et seq.*, and to the provisions of the European regulation of December 22, 2003 no. 2273/2003 and Title IV of Book II of the General Regulations of the AMF (*Autorité des marchés financiers*), the Shareholders' Meeting, which meets the quorum and majority requirements for Annual Shareholders' Meetings:

- authorizes the Board of Directors to purchase or arrange for the purchase of a maximum of 326,545 company shares, subject to continuing compliance with the maximum ownership threshold defined in article L. 225-210 of the French Commercial Code;
- decides that the main objectives of this authorization granted to the Company to acquire its own shares shall be (i) the potential retirement of the shares bought back, provided this has been authorized by an Extraordinary Shareholders' Meeting, and (ii) ensuring liquidity and an active market for Company shares through the intermediary of an investment services provider acting within the framework of a liquidity agreement in accordance with a code of ethics recognized by the AMF, with the understanding that the achievement of these objectives shall need to comply with applicable laws and regulations;
- decides that the acquisition, sale or transfer by the Company of its own shares may be carried out on one or more occasions, through any market or off-market transactions, over-the-counter trades or otherwise, by any means, notably by way of block purchases or sales or the use of derivatives, and at any time, in particular during a public offering period for the Company's shares, within the limits prescribed by applicable regulations. However, the Board of Directors shall need to ensure that the volatility of the Company's shares is not increased through its actions. The portion of the program that may be carried out through block trades is not limited and may correspond to the entire program;
- decides that the Board of Directors may acquire shares at a maximum price per share of 175 euros, excluding acquisition costs, and that the maximum cumulative amount of funds dedicated to this share buyback program may not exceed 57,145,375 euros, i.e. 1.0% of the total number of shares constituting the Company's share capital;
- decides that, in the event of transactions in the Company's shares during the validity period of this authorization, the maximum price per share indicated shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares making up the Company's share capital before and after the transaction;
- grants full powers to the Board of Directors to carry out this authorization and in particular to evaluate the appropriateness of initiating a share buyback program and to determine the terms thereof, in accordance with applicable legal and regulatory provisions. To this end, the Board of Directors may carry out any transactions, place any and all buy and sell orders, enter into any and all agreements, fulfill all formalities and agreements, notably with respect to maintaining registers of purchases and sales of shares, carry out all formalities and declarations with respect to the AMF and any other organization, and generally take any and all other actions required in the implementation of this authorization. The Board of Directors may delegate said powers in accordance with applicable legal and regulatory provisions;
- grants this authorization for a period of eighteen months as of the date of this Shareholders' Meeting;
- takes due note that this delegation of authority supersedes any corresponding earlier delegation.

EIGHTH RESOLUTION

Opinion in favor of the items of compensation due and awarded to Hervé Le Bouc in respect of fiscal year 2015

The Shareholders' Meeting, which meets the quorum and majority requirements for Annual Shareholders' Meetings, after having examined the items of compensation due and awarded to the Chairman and Chief Executive Officer, Hervé Le Bouc, in respect of the fiscal year ended December 31, 2015, renders an opinion in favor of these items of compensation.

NINTH RESOLUTION

Powers to carry out legal requirements

The Shareholders' Meeting shall grant the bearer of a copy or extract of the minutes of this Meeting full powers to file any documents or comply with any legal requirements that may be necessary.

Extraordinary meeting resolutions

TENTH RESOLUTION

Authorization given to the Board of Directors to reduce share capital by retiring Company shares that the Company owns

The Shareholders' Meeting, which fulfills the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to the provisions of article L. 225-209 of the French Commercial Code, hereby:

- authorizes the Board of Directors to retire or sub-delegate the retirement of, at its sole discretion and in one or more transactions, all or a portion of the Company's shares the Company holds as the result of the share-buyback authorizations granted by the Shareholders' Meeting to the Board of Directors, subject to a maximum of 10% (per twenty-four-month period) of the total number of shares constituting the Company's share capital, and to correspondingly reduce the share capital;
- grants full powers to the Board of Directors, including the option to sub-delegate such powers, to carry out any share capital decrease(s) resulting from the retirement of shares pursuant to this authorization (particularly to deduct the difference between the purchase value of the securities canceled and their par value from the premiums and reserves available, including the statutory reserve for 10% of the share capital canceled) and to amend the by-laws accordingly;
- determines that this delegation of authority shall be valid for a period of eighteen months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused amounts, any other delegation of authority having the same purpose.

ELEVENTH RESOLUTION

Powers to carry out all necessary formalities

The Shareholders' Meeting grants full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by applicable laws.

Certification of Annual Financial Report

I hereby declare that to the best of my knowledge the accounts and statements presented herewith have been drawn up in full compliance with all applicable accounting standards and provide an accurate view of the assets, financial situation and profits of the Company and the consolidated companies, and that the business report included in pages 1 to 68 of this document provides an accurate image of business trends, profits and the financial situation of the Company and all consolidated companies as well as a description of the main risks and uncertainties to which the latter are exposed.

Boulogne-Billancourt, March 4, 2016

Hervé Le Bouc
Chairman and Chief Executive Officer

DESIGN AND PRODUCTION
HAVAS WORLDWIDE PARIS

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