



2018 Registration Document

including the annual financial report



ALTEN

ENGINEERING AND TECHNOLOGY CONSULTING





2018 Registration Document

including the annual financial report



"This document and the accompanying financial report constitute the ALTEN registration document for 2018. It was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, or AMF) on 26 april 2019, in accordance with Article 212-13 of the AMF General Regulation. It may only be used in support of a financial transaction if accompanied by a securities note authorised by the AMF.

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

- The separate and consolidated financial statements at 31 December 2017 and Statutory Auditors' reports, found on pages 219 to 282 of Registration Document No. D.18-0421 filed with the AMF on 27 April 2018 ;
- The separate and consolidated financial statements at 31 December 2016, and Statutory Auditors' reports, found on pages 209 to 259 of Registration Document No. D. 17-0463 filed with the AMF on 28 April 2017 ;

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

Copies of this Registration Document are available for free at the issuer's head office (40 avenue André Morizet, 92100 Boulogne-Billancourt), as well as on the issuer's website (www.alten.com) and on the AMF website (www.amf-france.org).



Registration
Document

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Interview with Simon Azoulay



What were the highlights of 2018 for ALTEN?

To celebrate its 30th anniversary, ALTEN is strengthening its position as a world leader in the Engineering and Technology Consulting sector, with 33,700 employees at end 2018, including 29,600 engineers, revenue of €2.269 billion (up 14%) and an operating profit on activity up 15%.

The Group's organic growth accelerated throughout 2018, in France and internationally, particularly in the second half-year. This vigorous organic growth accounts for three-quarters of the Group's growth.

On a mature, competitive market, France saw its organic growth accelerate in the second half-year, to re-join the Group's growth. Internationally, growth remained strong. International business now accounts for nearly 55% of the Group's activity.

As part of its international deployment strategy, ALTEN made 10 acquisitions outside France (eight in Europe, two in Asia). We also continued the development of our nearshore and offshore delivery centres in Morocco, India and Romania. Today, over 2,000 high-level engineers are working on European and North American projects.

Our Group strengthened its commitment to sustainable development, and this is now strongly integrated at the core of its strategy. Initiated in 2010 with the signing of the United Nations Global Compact, our commitment has been constantly expanded, making ALTEN a benchmark player in CSR.

What are the main strategic focuses for your new 2019-2021 three-year plan?

We exceeded our previous 2017-2019 strategic plan by a significant margin and therefore we decided to revise it. First and foremost, we aim to consolidate our positioning and our business model. The Group covers all technical projects from Outsourced Engineering and R&D to IT & Network Services, alongside a Consulting, Expertise and Support offering thanks to our specialist subsidiaries. We remain committed to the top-end positioning of our engineers, who have been at the very core of the ALTEN Group since its creation. The high added value of our projects enables us to recruit the best engineers and the quality of our HR management gives the highest performers the chance to increase their responsibility in the technical field, in terms of expertise or management, or even to get involved in company development within business management or support functions.

Geographically, we are continuing to optimise our international organisation. We are strengthening our investment in recruitment and training, so as to create more Commercial and Technical supervision. We are also set to finalise the implementation of our Strategic and Technical Development Departments to better support the globalisation and transformation requests made by our customers. The challenges for 2019-2021 are: to reach 4,000 engineers in Germany, India and North America, and over 2,000 engineers in 10 other major countries; as well as to develop our offshore and nearshore delivery centres in four countries so that each of them reaches over 1,500 engineers.

Lastly, we will continue our targeted acquisitions policy, while remaining attentive to structural acquisitions.

In conclusion?

I am confident in the deployment of our revised strategic plan across all geographical areas. We have all the assets that are key to achieve our objectives, especially an HR policy that is unique in the market, all the technical expertise required to respond to our customers' challenges, an international Technical Department with its Workpackage offering, a network of well-structured and high-performance offshore and nearshore delivery centres and, lastly, a sound financial structure enabling us to successfully implement our acquisitions policy.

This plan aims to reach 42,000 engineers by end-2021, excluding structural acquisitions.



Executive Committee

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



Simon AZOULAY,
Chairman and Chief Executive Officer.



Gérald ATTIA,
Deputy Chief Executive Officer,
Responsible for Sales, Structured
Projects and International area 2.



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



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



Olivier GRANGER,
Chief Operating Officer,
Responsible for International
area 1.



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



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

The Group Management Board

The Group Management Board, comprising the Executive Committee, the main International Managers and Support Function Managers, totals 15 people including four women.



AI



ALTE

World leader in Engineering and Technology Consulting.

ALTE supports its customers' development strategies in the areas of innovation, R&D and information systems.

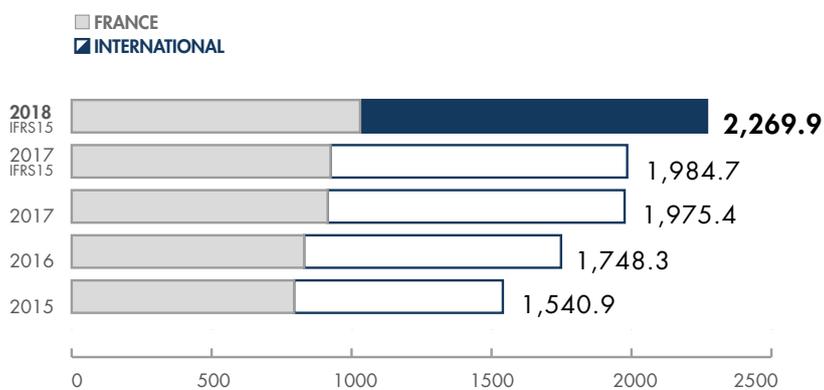
Created 30 years ago, the Group has established itself as a world leader in Engineering and Technology Consulting.

We work with key actors in the Aeronautics & Space, Defense & Naval, Security, Automotive, Rail, Energy, Life Sciences, Finance, Retail, Telecommunications and Services sectors.

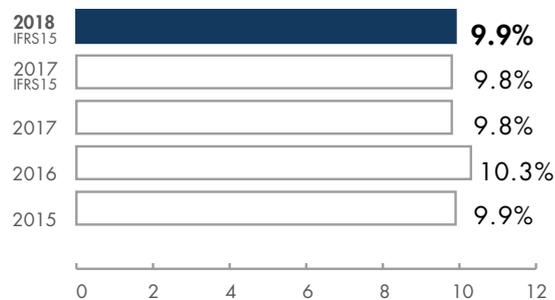
ALTE is established in more than 25 countries, with 29,600 high-level consultant engineers.

Key figures 2018

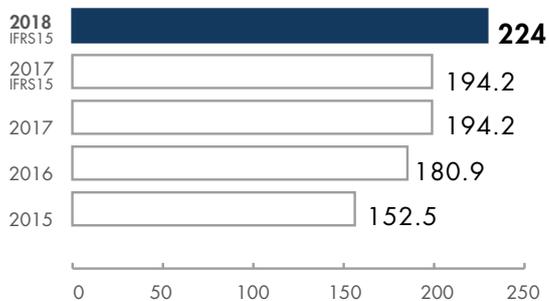
REVENUE (€M)



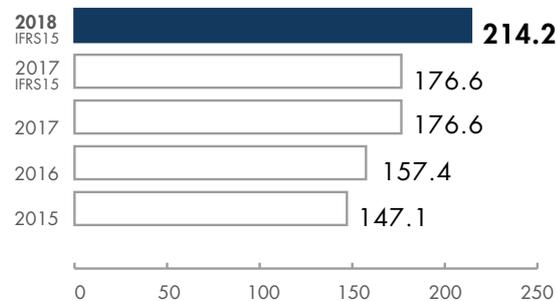
OPERATING PROFIT ON ACTIVITY (% of revenue)



OPERATING PROFIT ON ACTIVITY (€M)



OPERATING PROFIT (€M)

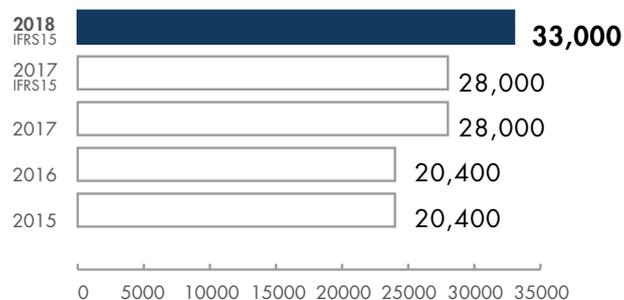
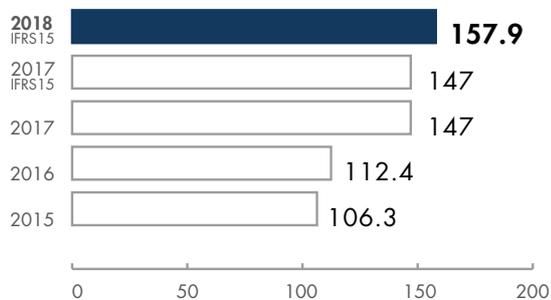


€2,269.9 M

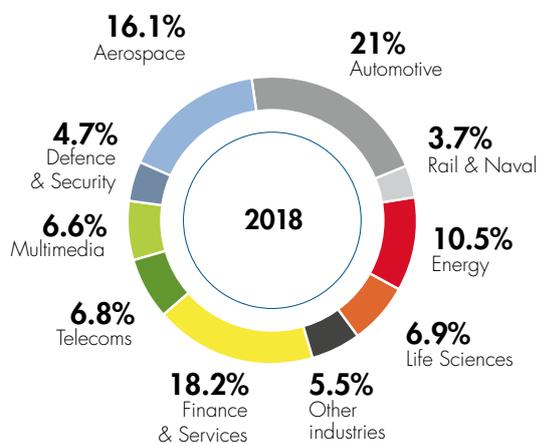
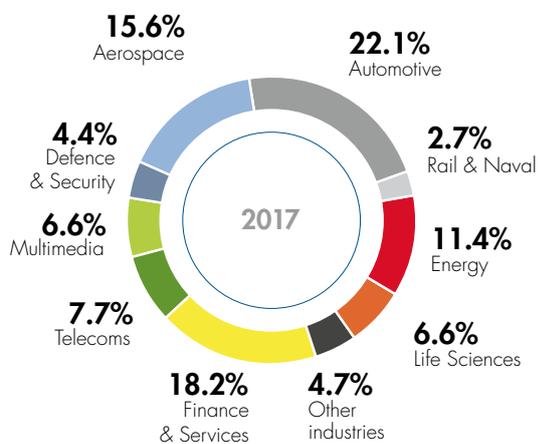
OF REVENUE IN 2018

NET INCOME, GROUP SHARE
(€M)

HEADCOUNT
at year end

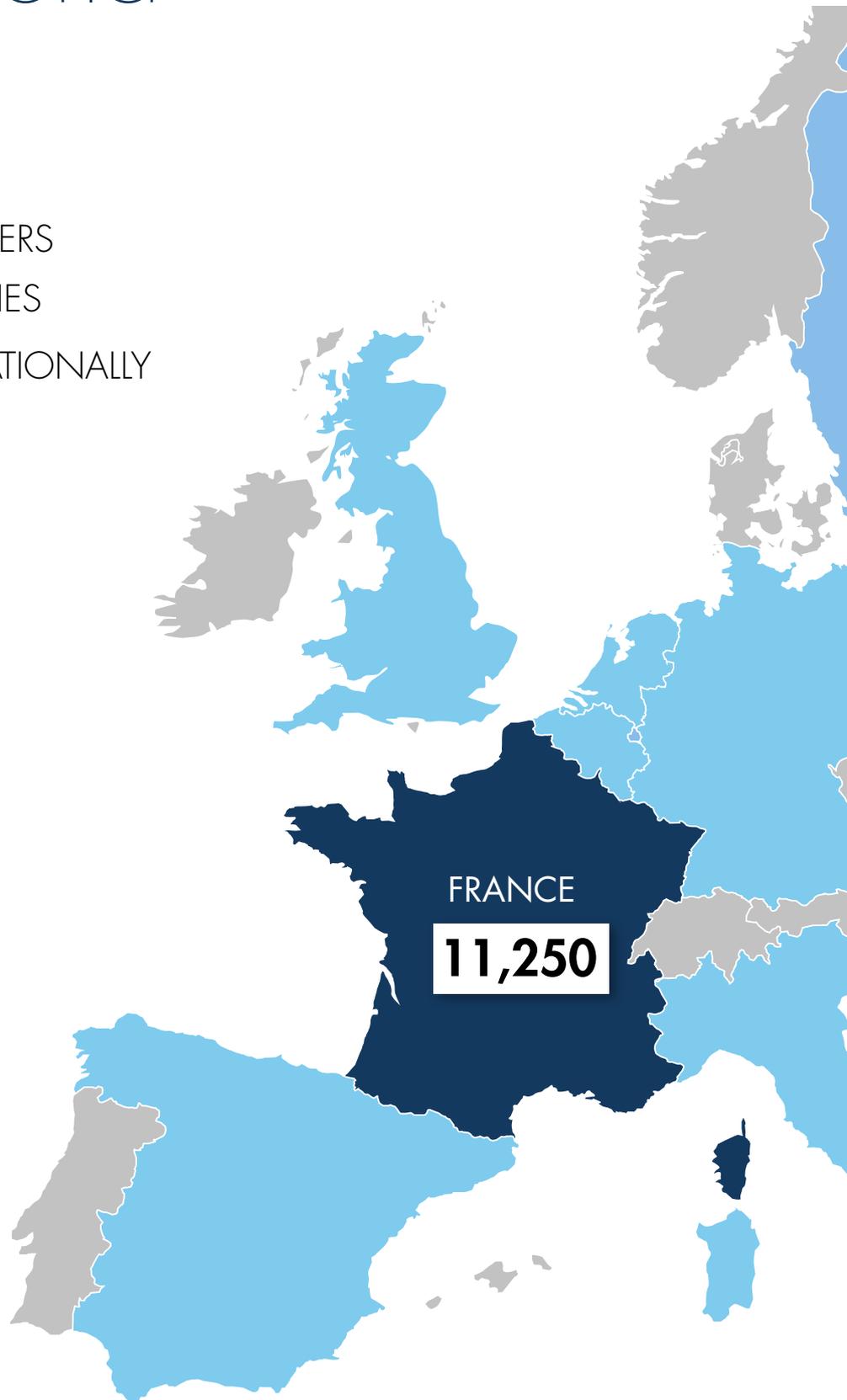


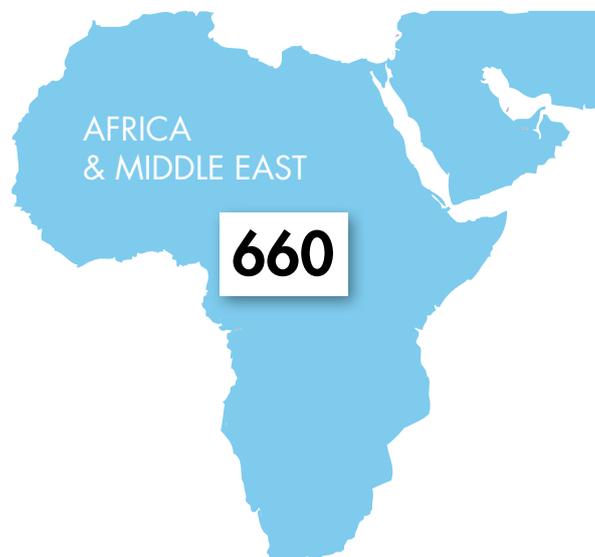
BREAKDOWN OF REVENUE BY BUSINESS SECTOR
(% of revenue)



ALLEN
in the world

29,600 ENGINEERS
OVER **25** COUNTRIES
54.6% INTERNATIONALLY





The benefits of development

OUR VALUE CREATION MODEL

OUR RESOURCES

Human Resources

- 33,700 employees including 30,000 engineers in over 25 countries across five continents.

Intangible resources

- Extensive expertise in all fields of engineering.
- R&D programmes and Innovation Labs.
- Project management methodology certified CMMI level 3.
- Integrated Information and Environment Management System for the Group

Societal Resources

- 99 Civic and solidarity partnerships
- 173 school partnerships
- Responsible Purchasing Charter, Ethics and Compliance Charter, Sustainable Development Charter

Financial Resources

- €2,269.9 M in revenue in 2018. 54.6% of revenue generated outside France, up 14%
- High profitable growth (OPA 9.9% of revenue),
- A solid financial structure (equity €972 million, no debt)

Environmental resources

- Use of energy and natural resources (see 3.5 - "Reducing our environmental footprint")

OUR DNA

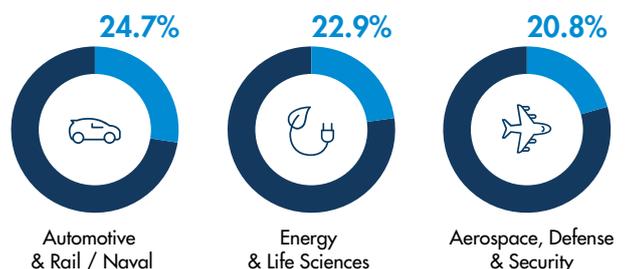
Comprehensive technological coverage

- Engineering and R&D outsourcing
- IT & Network Services
- Consulting, Expertise and Support through our specialized subsidiaries

Five levels of commitment to fulfil our customers' needs



Comprehensive, balanced coverage of segments



High-performance human resources and talent management processes

- Multiple and varied career opportunities

● **Consulting**
Commitment of resources

● **Commitment of resources**
Delivery of specific, flexible expertise

● **Globalization**
Gathering on a single contract covering several consulting projects

● **Commitment of resources**
Administrative rationalization
Flexibility & supply consulting projects

● **Services contract**
Service contracts with a commitment of resources and performance

● **Service level agreement**
Delegation management & Commitment to service

● **Work unit service contract**
Service contracts with a commitment of results and performance

● **Commitment to results**
Deliverables industrialization & productivity gains

● **Fixed-price project**
Fixed-price projects with commitment to results

● **Commitment to results**
Control, Quality, Cost Time



IT Services & Finance



Telecoms & Multimedia

OUR VALUE CREATION

Expertise and Engineering culture

(see 1 - "ALLEN, Technology Partner")

- High-end positioning deployed on engineering occupations
- A Project Management Technical Division composed of 300 people
- Centres of engineering excellence

Human capital development

(see 3.2 - "Career-accelerating employer")

- Leader in the recruitment of engineers and a key player in the employment of young graduates
- TOP EMPLOYER© 2018 in France, Germany, Spain and Italy

Sustainable growth

(see Introduction - "Key figures")

- 14.4% growth
- 10 targeted acquisitions internationally in 2018

Societal commitments

(see 3.4.6 - "Solidarity across regions")

- 4,610 days of skills sponsorship

Assessments and certifications

(see 1.3.5 - "Ratings and Awards")

- Ecovadis : 78/100
- CDP A-
- ISO 9001, 9100, 27001, 14001
- CEFRI MASE



1 ALTEN,
Technology
partner

- 
- 18** Changes in global R&D and market trends in R&D outsourcing
 - 20** ALTEN'S positioning
 - 22** An excellent technical organisation

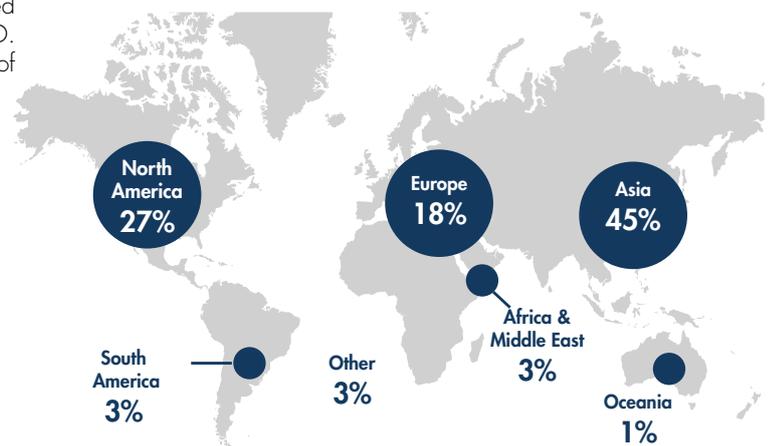
Changes in global R&D and market trends in R&D outsourcing

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

Approx. \$2,190 billion spent on R&D throughout the world in 2018

(private sector contribution - \$1,500 billion)

(Source: Battelle / Global Fund Forecast 2018)



Eurostat projections show that the majority of countries will significantly step up expenditure on R&D (as a % of GDP) in the next five years. Overall for EU-28, the share of GDP devoted to R&D will go from 2.07% in 2017 to 3% in 2020 (for both the private and public sectors combined).

One of the main underlying trends is the growing number of Digital projects in R&D investments. According to consulting firm Zinnov, they should account for 37% of R&D investment in 2023, versus 24% in 2018 and 15% in 2013.

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

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

Overall R&D investment.

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

In general, outsourcing allows a manufacturer to:

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

The outsourcing rate varies per country.

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

According to consulting firm Zinnov, the ETC market was valued at \$232 billion in 2016, i.e. an outsourcing rate of approximately 20% worldwide. Forecasts for 2020 confirm Eurostat trends and indicate that ALTEN is positioned in an active market with annual growth rates between 5 and 6%. Technavio analysts estimate an 8% annual growth rate for this segment, over the 2017-2021 period.

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

(M€)	2017	2018	18/17	2019	19/18	2020	20/19	2021	21/20	2022	22/21	2023	23/22
Aerospace and Defense	1,873	1,939	3.5%	2,011	3.7%	2,094	4.1%	2,183	4.3%	2,278	4.4%	2374	4.2%
Land Transport	1,248	1,300	4.2%	1,360	4.6%	1,430	5.1%	1,506	5.3%	1,583	5.1%	1,661	4.9%
Telecoms and Multimedia	498	506	1.6%	514	1.6%	522	1.6%	529	1.3%	535	1.1%	539	0.7%
Energy and Life Sciences	1,626	1,674	3.0%	1,720	2.7%	1,763	2.5%	1,799	2.0%	1,829	1.7%	1,852	1.3%
Other	1,516	1,576	4.0%	1,637	3.9%	1,701	3.9%	1,759	3.4%	1,815	3.2%	1,870	3.0%
Total Technology Consulting <small>(scope: ALTEN core business)</small>	6,761	6,995	3.5%	7,242	3.5%	7,510	3.7%	7,776	3.5%	8,040	3.4%	8,296	3.2%

ALTEN overview and sector trends

Automotive

A structurally promising market: hybrid and electric vehicles, battery autonomy, autonomous driving systems, infotainment, Big Data (user services, predictive maintenance, R&D design).

Heterogeneous growth depending on customer.

Rail & Naval

Strong growth of the global rail market.

Digital transformation of flow management as well as predictive maintenance, and industrial IoT.

Modernisation and security of the rail network (automation, signalling, and traffic management, etc.).

Design of the vessels and submarines of the future.

Aerospace

Digital transformation (augmented reality, IoT, Big Data, Factory 4.0, etc.), and Manufacturing Engineering make it possible to optimise costs and increase production rates while improving quality; development of predictive maintenance programmes; new-generation engines (Falcon / FX / A320 Neo Plus, etc.).

Launcher (Ariane 6) and satellite communications business changing rapidly (micro-satellites, reduction of launch costs, etc.).

Defense & Security

Success of military drone applications, high export market development, development of European tanks and fighter jets of the future, civil and military cybersecurity.

Energy

Business may be stabilising in the Oil & Gas sector

Nuclear market subject to high growth: EPR, safety, maintenance, extension of power plant lifespans.

New technologies to explore and use resources.

Life Sciences

High growth in the following markets:

- pharmacy, regulatory affairs, Digital & E-health, CRO and pharmacovigilance, etc;
- medical devices and equipment.

Telecommunications and multimedia

Resumption of investment in network infrastructure in line with the deployment of high-speed broadband and fibre networks.

Development of digital services by operators (content, services, etc.).

BFI/Services/Public sector

Cybersecurity, digital transformation, regulatory compliance projects, migration of IS to the Cloud, etc.

ALTEN'S positioning

ALTEN participates in all high-value technological projects on behalf of the Technical and Information Systems Divisions of major industrial, telecoms and service customers, requiring the involvement of high-level consulting engineers.



Level	Position	Gross margin
Level 4	IP / Investments / high " Capex" / Risk Sharing	Random & long term
Level 3	Workpackages (globalisation, work units or fixed-price projects)	Services of value-added engineers 25% to 35%
Level 2	Technological Consulting & Time & Material	
Level 1	Temps & Staffing	≈ 15%

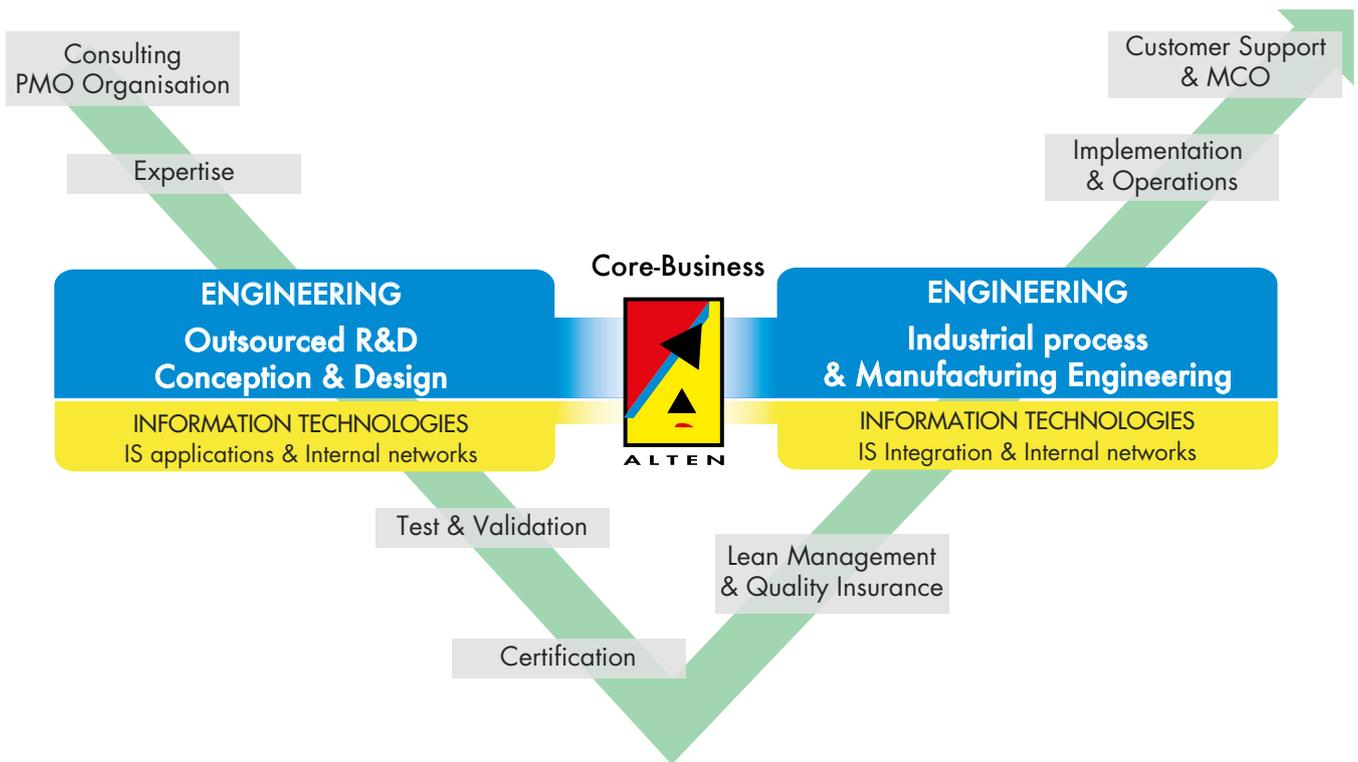
This strategic positioning is based on:

1. Two business lines

- Outsourced engineering and R&D:
 - innovation & Digital Transformation;
 - product Design & Development - Outsourced R&D;
 - manufacturing engineering;
 - supply Chain & Quality;
 - customer Service & Training;
 - project management & Change management.
- IT & Network Services:
 - consulting & Digital transformation;
 - technical Expertise: Digital, Big Data, Data Science, AI;
 - applications: Development, Maintenance, Test;
 - infrastructures: Cloud, Networks and Security.

2. Engineer-level offerings that cover all engineering technology and IT & Network Services projects:

- ALTEN's Core business offering: pre-feasibility studies and design
- The "Solutions" offering, via our specialist subsidiaries: Consulting, Expertise and Support
 - Consulting:
 - MI GSO (PMO and Change Management);
 - Avenir Conseil (Training);
 - C Prime (Agile methods).
 - Expertise:
 - Lincoln (Big Data, Data Sciences, Modern BI);
 - Id.apps (Mobile Applications);
 - Elitys (Lean Management);
 - Aixial and Caduceum (Life Sciences).
 - Customer Support and Maintenance in Operational Condition:
 - Atexis (Customer support);
 - Anotech (Oil & Gas Solutions);
 - Aptech (Technical Services).



An excellent technical organisation

ALTEN implemented a technical organisation and projects achieving global recognition through:

- the Projects Department, whose 300 directors and project managers, technical directors and experts serve the Group as a whole;
- a training centre and academies (DevOps, Cybersecurity, Testing) that allow all engineers and consultants to advance their careers at the highest level;

- technical communities to promote the exchange and sharing of information;
- the Quality and Methods Department.

Our project management methodologies are assessed as CMMI Service Level 3.

Consulting services

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

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

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

Workpackage management

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

Workpackages include several levels of responsibility and risk-sharing, and may be carried out at the client’s premises or may be partially or completely outsourced to an ALTEN facility.

They are managed by ALTEN’s Technical Division, which establishes a structured and multidisciplinary team (PMO, technical support and project engineers) that is adequate for the levels of engagement defined with the client. They provide logistical resources to the client (facilities, profession software, secure communication channels, and more). Depending on the client’s needs, ALTEN can put in place specific organisational structures for transnational projects, with extra coordination across several teams in different countries, or call in one of the near shore/offshore structures (Romania, India, Morocco) for some project steps.

They are a true obstacle for the competition, since the processes, methodology, tools, justifications and structures essential for the completion of projects require significant

investments and involve a learning curve that calls for several years of implementation.

ALTEN, French leader in the delivery of workpackages

ALTEN is currently the uncontested leader in the delivery of workpackages, both in numbers and by size of the projects undertaken, which represented 60% of business activities in 2018, and through the quality of the ALTEN delivery.

Its project management methodologies are assessed at Capability Maturity Model & Integration (CMMI) level 3.

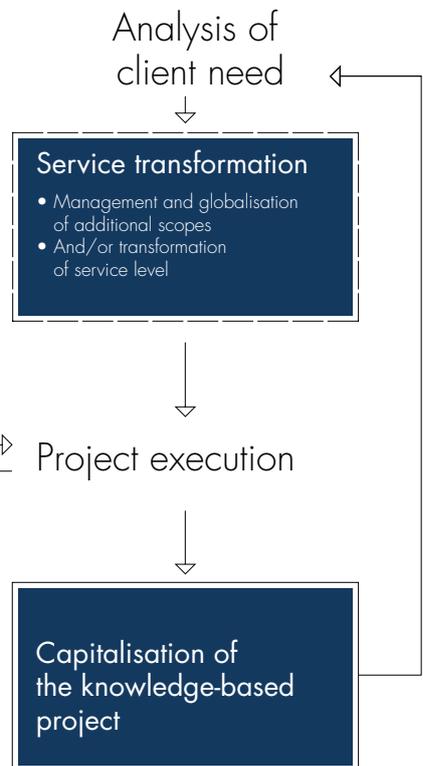
This worldwide standard established by the Software Engineering Institute makes it possible to understand, assess and improve engineering companies' systems for completing projects through a continuous improvement approach.

Workpackages, an integrated client/supplier relationship

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



Partial or total completion on an ALTEN nearshore/offshore structure



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

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

To identify the skills required for the successful completion of projects, both in-house and externally, ALTEN uses tools and processes that are unique on the market.

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

Training programmes to anticipate future technology or project management needs.

A unique Offshore Delivery capacity to serve our clients' competitiveness

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

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

The organisation model consists in handing over project management and interface to the front-office team, which is located close to the client in the principal's country, with another part of the implementation team in an ALTEN offshore centre (back-office). The client therefore works with the local ALTEN team, which will then transfer part of the activities to be conducted to its offshore centre. This enables ALTEN to provide its clients with teams that are fully conversant with the client's requirements, culture and language. The offshore/nearshore portion can thus vary between 20% and 90% depending on the projects concerned. Skills are ramped up through the incubation of part of the offshore teams in the

home country of the service and may be completed by the temporary sending of employees to the offshore/nearshore centre. The global organisation of the Structured Projects Development Department (DDPS) guarantees the quality control and project implementation processes that must be the same regardless of the country where the activity is implemented.

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

ALTEN employs over 2,000 people in its offshore/nearshore centres.



- 
- 28** Automotive
 - 30** Rail
 - 32** Aerospace
 - 34** Defense and Security
 - 36** Energy and Environmental Management
 - 38** Health and Life Sciences
 - 40** Telecommunications and Multimedia
 - 42** Banking / Finance / Insurance



2 Our customers

Automotive

Market trends

Clean mobility

To rise to the challenges of global warming, public health and reducing dependence on fossil energy resources, all mobility stakeholders are committed to hybrid, electric or fuel-cell propulsion technologies.

According to BCG, electric vehicles could account for 50% of the global market by 2030.

Autonomous Transport

Reduction in the cost of sensors, artificial intelligence and the development of new communication technologies (4G/5G, V2X, etc.) have spurred the development of advanced driver assistance systems (ADAS) as we move towards autonomous mobility.

Autonomous driving systems provide new opportunities in the passenger and goods transport market, which is five times larger than the car market.

Growth of emerging countries

The growth in mobility in Asia, Latin America and the Middle East means we may soon be at the threshold of 100 million vehicles sold per year.

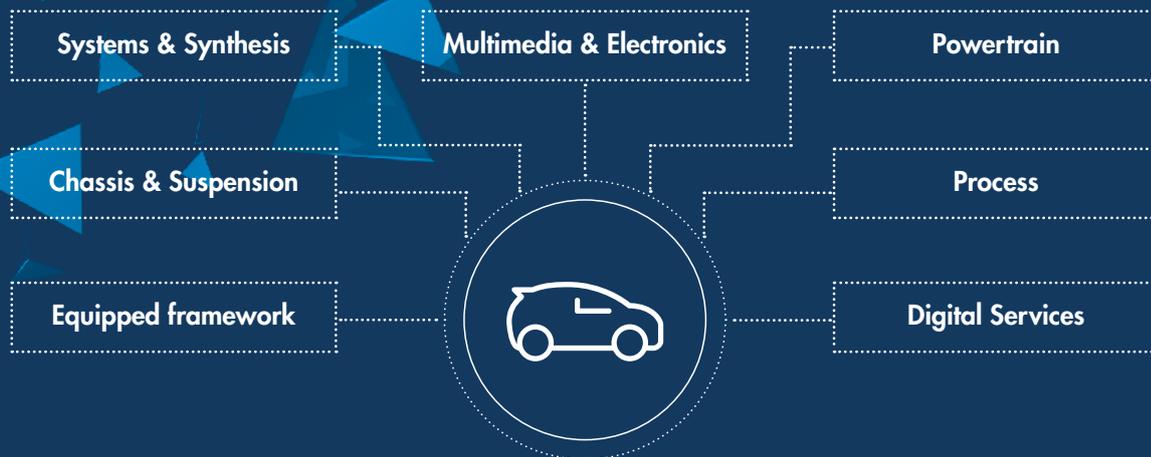
In the past 15 years, car sales have increased 25-fold in China, i.e. nearly 25 million new vehicles in 2017, which accounts for more than one-third of the global market.

Making use of data

By collecting data during the vehicle design and use stage, we can develop new services for users (safety, comfort, insurance, parking, etc.) and for industrial partners (cost of R&D, production, predictive maintenance).

The market for the collection and use of vehicle data could reach \$33 billion in 2025 versus \$2 billion in 2017.

Functional areas covered by ALTEN



Digital driving: Testing autonomous vehicules

To launch its first autonomous Level 4 vehicle, a French car manufacturer must ensure its safety and reliability when dealing with everyday traffic situations. ALTEN supports the manufacturer in its digital driving missions, which consist of testing the autonomous vehicle in a virtual environment.

So as to reduce test costs and duration, ALTEN engineers recover the data recorded by vehicles during the conventional driving phase, and use it to create an ultra-realistic virtual simulation, allowing vehicles to undertake the most complex manoeuvres risk-free.

ALTEN engineers work specifically on:

- data fusion: data recorded by the vehicle is processed and filtered so as to collect important information (vehicle reaction, speed, braking, etc.);
- environment and vehicle simulation: once the environment and vehicle have been modelled virtually, the vehicle is subject to random real-time traffic disruptions;

- difference correction: lastly, tests under physical conditions allow differences in behaviour between the virtual and real environment to be identified and corrected.

ALTEN's ability to quickly establish a multidisciplinary team (data scientists, dynamic vehicle engineers, robotics engineers, simulation modelling engineers) was a decisive factor in this project's success.

Rail

Market trends

Dynamics of urban transport

The global urban population is growing rapidly, at 4.2 billion people in 2018 versus 751 million in 1950 (UN figures). Investment in the public transport sector is thus growing strongly in order to offer faster, more reliable transport solutions, between urban areas and cities alike.

As a result of this demand, annual growth in the global industrial rail market is estimated at 3.2% by 2021.

Digital transformation

The integration of digital technologies in the rail sector will allow increasingly complex traffic flows to be managed, and will ensure the interoperability of various transport models (smartcity) while improving safety and passenger comfort. In parallel, advances in predictive maintenance will improve hardware availability time and reduce maintenance costs.

SNCF estimates that it will be able to make savings of €1.5 billion between 2015 and 2020 thanks to industrial IoT.

Modernising infrastructures

Large-scale urbanisation, the need for interoperability between different European countries to respond to the opening up of competition, and rail electrification for low-carbon transport all entail major investments in the renovation and creation of new rail infrastructure.

By 2030, more than 123,000 km of the European rail network will be equipped with ERTMS, the European Rail Traffic Management System. In France, €46 billion will be invested over 10 years to modernise and secure the rail network.

Functional areas covered by ALTEN



Automated metros: Development of the CBTC System

In order to transport more passengers at peak times, the operator of a major city has appointed our industrial customer to automate a metro line, the busiest line in the network. ALTEN is helping to develop the key element, the CBTC signalling system.

Operating in workpackage mode, this project showcases the ALTEN Group's reactivity, maturity and know-how in the field of railway signalling systems.

By reducing train spacing, thanks to a high-speed radio solution that enables the continuous, two-way exchange of information between ground and on-board automatism, the CBTC system can carry 20% more passengers, while enhancing the operation's level of safety and reliability. This project to migrate metro lines to a fully-automated system was begun in 2017, with final delivery scheduled for 2022. To help the client meet its milestones, ALTEN deployed a team of engineers whose aim is to:

- enrich the functional specification of the CBTC system;
- develop the critical software package for ground and on-board safety;
- validate the software package's compliance with the functional specification.

Aerospace

Market trends

Ramp-up and Industry 4.0

Aircraft manufacturers and subcontractors must ramp up production rates to meet the growth in air traffic and the modernisation of existing fleets. The digital transformation involves the deployment of new technologies (Big Data, IoT, augmented reality, and so on) at the manufacturing facility and supply chain level to improve product quality and optimise production costs.

Deliveries of aircraft for Airbus and Boeing have been on the increase for several years, to stand at 1,600 aircraft in 2018.

Digital transformation

The aeronautics sector intends to make the most of digital transformation to help optimise its internal processes by introducing an end-to-end approach (engineering, manufacturing, maintenance, decision-making, etc.) and by creating new services, set to provide a source of additional income.

Airbus considers that it will be able to develop an aircraft in half the time thanks to the digital continuity entailed by a new PLM approach. Its data platform Skywise is already used by several airlines, with more than 1,000 connected devices and a published target of zero Aircraft on Ground (AOG).

The aircraft of the future: incremental development

Aircraft manufacturers are working on the aircraft of the future, one that will be more economical, quieter, less polluting and connected, focusing on incremental innovation where new features are added to the existing product rather than launching a new project from scratch.

Dassault Aviation's Falcon 2000 programme has thus seen many improvements since its launch in 1989. The EX version in 2000 (re-motorisation and EASy cockpit), the LX version in 2007 (winglet entailing a 5% consumption gain), and most recently, the LXS version in 2014 (new internal slats reducing the landing distance by 14%).

New Space

Private partners and the miniaturisation of electronics have shaken up space access. The market quickly switched from "bespoke" satellites worth more than €100 million and operational for 15 years, to mass-produced satellites being delivered every week, costing a few hundred thousand euros and with a lifespan of 3-5 years.

Since 2011, launches of nano/micro-satellites have increased by 200% per year. Over 2,600 nano/micro-satellites will be launched into space in the next five years.

Reduced cost of launch

The launch of a satellite can account for nearly one-third of the total cost. With this in mind, reduced launch cost is a major competitive driver in the space industry.

Though Ariane 6 promises a cost reduction of 40% compared to Ariane 5, Europe intends to go further by developing a reusable liquid oxygen engine demonstrator (Prometheus) to reduce the production costs of the current engine tenfold. In the US, SpaceX has set itself the target of redeploying a reusable launcher within 24 hours, and of halving the mission cost.

Space Big Data

Given that it is one of the largest collectors of climate and environmental data, the space sector wants to share and grant access to its data, and in particular, to enhance its value by creating new value-added services (for example to predict agricultural harvests).

Today, only 35% of satellites are used commercially.

Functional areas covered by ALTEN



Fitting and design of mini-satellites

To provide very high-speed web access for all, especially in difficult-to-access areas for the terrestrial network, a project plans to launch a multitude of 600 mini-satellites in low orbit, for which commissioning should begin in 2019. ALTEN is working on the mechanical design and thermal calculations for these telecommunication mini-satellites.

Each mini-satellite is very compact, weighing in at less than 200 kg, and must be designed for mass production. This innovative project is a genuine technological challenge for engineers.

ALTEN has established a service centre to design the subsystems, such as the photovoltaic panel module, the payload (antennas) and the launcher interface, working on the following subjects:

- mechanism design;
- static, dynamic and thermo elastic analysis;
- control and validation of assembly plans;
- definition of test specifications.

Thanks to engineers with 10 to 15 years' experience in the satellite sector, ALTEN has been able to support the customer in an international collaborative project, with an agile approach.

Defense and Security

Market trends

Military drones

Whether spy, transport or combat, drones and the multitude of applications they offer are booming. Today, drones are fully incorporated into military and surveillance operations. The latest technological advances mean they can participate in missions such as air combat, the fight against naval mines, strategic intelligence or the evacuation of ground troops. Europe has established a "MALE" military drone program with initial delivery scheduled for 2025.

The market for military drones is estimated at \$28 billion in R&D and \$84 billion in equipment purchases over the coming decade. According to IHS Jane's, more than 80,000 military drones will be in service in the next 10 years.

Export & Internationalisation

The global geopolitical situation is leading to an increase in export contracts, which are often accompanied by "offsets" with client countries. Industrial companies are seeking to strengthen transnational synergies in order to pool R&D efforts, thus enabling the development of increasingly sophisticated weapon systems.

In 2018, French arms exports are expected to surpass €10 billion. In parallel, European industrial companies are working together on the operational development of two strategic projects by 2030-2040: the future European main battle tank (EMBT) and the future European combat aircraft (SCAF).

Cybersecurity

Cybersecurity is now a key challenge, thanks to digital transformation, connectivity of objects and related services, exponential growth in data, as well as management of flows and storage. Countries, companies and organisations, along with infrastructure (transport, energy, banking, communications, etc.), all are exposed to cyberattacks.

The Civil and Military Cybersecurity market has grown in size from \$3.5 billion per year in 2004 to \$120 billion in 2017. Its annual growth rate is 13%, double that of the budget for defense equipment.

Ships of the Future

In maritime transport and in the military navy, the naval industry sector is strengthening the development of innovative technological solutions (e.g. artificial intelligence, cybersecurity, etc.) and connected industrial tools (e.g. Industry 4.0, IoT, PLM, augmented reality, etc.).

The time-to-market (design and construction) of a vessel is set to fall significantly. The vessel of the future will be more interconnected and much more automated, and it will offer greater operational capabilities (e.g. autonomy). In addition, it will have an improved availability rate thanks to predictive maintenance, the 3D-printing of spare parts on-board, and faster completion of retrofit operations.

Global order books for vessels are estimated at \$180 billion in 2018, of which \$35 billion in Europe and \$11.5 billion in France (source: GICAN).

Functional areas covered by ALTEN



Multi-role combat aircraft: adapting to export

Facing stiff competition, a combat aircraft designer and manufacturer has successively won three export contracts with countries in Asia and the Middle East. ALTEN assists the customer as it customises the aircraft and provides support in industrial transfers.

This commercial success (over 90 aircrafts exported) is due not only to the operational excellence of the product, but also to the adaptable nature of the aircraft manufacturer. It can modify the aircraft to meet the specific needs of the client country's army, and undertake technological transfers to boost the skills of the country's local industries.

Over 70 ALTEN engineers took part in this project to support export contracts, providing expertise in:

- system Engineering: incorporation of new equipment and addition of new features;
- fitting: review of fitting of equipment, cables, piping and supports;
- mechanical design: optimised assembly of certain subsets (e.g. windshield), and complex calculation of the vibro-acoustic and fatigue loads.

Moreover, since the aircraft was developed in the late 1980s, the digital model had to be migrated to the latest version of the 3D design tool, so as to enable the changes to be made under appropriate conditions. ALTEN was a major partner on this project, working on methodological support and the quality of parts' definition (e.g. compliance of design method, coherence of plant-made parts with the digital model, etc.).

Energy and Environmental Management

Market trends

Energy transition

In order to contain global warming and greenhouse gas emissions, a radical diversification must occur in energy production, beyond electricity alone, by means of decarbonising heating and cooling networks, and mobility in particular.

Today, 80% of the global energy system is based on fossil resources (coal, oil and gas). The EU aims to reduce its greenhouse gas emissions by 40% by 2030 in comparison to its 1990 levels.

Shortage of resources

Increasingly, economic and demographic growth is putting pressure on energy, water and mineral resources. In parallel with the energy transition, new cost-effective exploration, exploitation and recycling technologies must be implemented so as to extend access to these resources and to optimise their consumption.

The United Nations anticipates that the world's population will rise to 9.7 billion by 2050. As such, the extraction of materials will have to increase threefold (to 180 billion tonnes per year) to meet this demand.

Digital & Smart Networks

Digital technology and data use will profoundly change each link in the energy chain. The production engineer can now monitor and correct in real time any discrepancy in processes, the plant manager can obtain a daily summary of the comprehensive economic performance of the plant, while the energy management authorities can optimise resource management and energy procurement on the markets, on a daily basis. These new challenges mean that the engineer has a decisive role at the core of this transformation.

As an illustration, smart demand management systems may be able to provide around 185 GW of energy flexibility at global level. This would save €270 billion of investment in new electricity infrastructure between 2016 and 2040.

Functional areas covered by ALTEN



Ultra-deep offshore hydrocarbon project off Angola

Deep offshore hydrocarbons now account for some 30% of the world's conventional resources that remain to be discovered. Anotech Energy, an ALTEN Group specialist subsidiary, provides support to an operator and several equipment manufacturers in an innovative oil project with reserves located at a water depth of up to 1,950 metres.

This project represents one of the greatest technological feats ever achieved in the world, due to the unprecedented depth of the waters explored, the significant reserves on offer (over 600 million barrels) and its complex production system (drilling of 59 wells covering an area of 800 km²).

Rather than construct new platforms and in order to manage both costs and time, two oil tankers were converted into floating production storage and offloading units (FPSO).

With more than 150 expert engineers involved in this extraordinary project, Anotech Energy was omnipresent across the project as a whole (from the upstream phase in 2011 to the production phase in 2018), on various different sites (Angola, Indonesia, Italy, Norway, Paris and Singapore), and in diverse activities such as:

- engineering study of the production system;
- SURF study (Subsea Umbilicals, Risers And Flowlines);
- compliance checks (e.g. shipyards, manufacture of modules, etc.);
- integration and commissioning expertise.

Thanks to its ability to monitor an Oil & Gas project from end to end, to mobilise a multidisciplinary team (R&D, PMO, Commissioning, and so on) across all sites worldwide (logistical and administrative organisation), Anotech Energy provides genuine added value in terms of responsiveness to its customers.

Health and Life Sciences

Market trends

Regulatory pressure

Against a backdrop of new regulations, the pharmaceutical and medical device industries are obliged to ensure compliance.

As an illustration, the implementation of the EU Falsified Medicines Directive, begun four years ago, will make it possible in the majority of the EU's 28 countries, to trace and identify each drug's packaging thanks to its unique serial number. This number, shown via a QR code printed on the drug's packaging, is saved in an EU database and checked by the pharmacist before the drug is dispensed to the patient, thus eliminating any risk of counterfeit.

E-Health

Potentially, all medical devices are connectable. Some are already connected and run via applications that provide healthcare professionals and patients with decision support tools, diagnostics or automatic treatment management. The scope of application is wide, and includes telemedicine, addiction management or the treatment of chronic illnesses.

The e-health market, which posts a growth rate of over 10% per year, is forecast to reach \$400 billion by 2022.

Combined products

A combination product is a health product in which a drug and a medical device are combined. In the same way as embedded software, increasingly innovation and technical progress make this type of alliance possible. Here too, the scope of application is wide. For instance, one combination that is now commonplace is that of hip replacement and antibiotics, which aims to inhibit bacterial adherence.

For industrial players, complexity arises due to the fact that these "ground-breaking" products only have one status, that of Drug or MD, and each status has a specific regulatory regime. In this area, regulatory strategy dominates, from the design phase onwards.

Health for everyone

Pharmaceutical industries must produce more and do so at a competitive cost in order to meet the budgetary requirements set by health systems, to deal with increased competition from generic medicines and to face growing demand from emerging countries.

In 2017, the global drug market exceeded \$1 trillion in revenue, up 6% on 2016, with a 49% market share in the United States.

Functional areas covered by ALTEN



Qualification of a new vaccine production plant

In order to launch the large-scale clinical trials (phase 3) for a new vaccine, one of the 10 global pharmaceutical industry giants has invested in the construction of a new production site in Belgium. ALTEN has been given the responsibility of qualifying the equipment's performance (PQ) and drafting the operating instructions.

This organisation helped ALTEN to draft and execute over 80 Performance Qualifications (PQs) and to manage the associated deviations, showing its ability to quickly scale up in terms of leading-edge engineering expertise.

To meet the customer's business priorities, the ALTEN technical department dedicated to the pharmaceutical industry quickly established a service centre to autonomously integrate and validate:

- all the equipment (e.g. cleaning, autoclave, disinfection systems, etc.);
- all clean fluids (water, compressed air, water vapour, etc.);
- all areas ranked in grades C and D.

Telecommunications and Multimedia

Market trends

Very high speed network

The explosion in connected objects, the democratisation of 4K TV, the boom in mobile video and the digital transformation underway in all business sectors mean that the deployment of very high-speed infrastructure (FTTH, 4G/5G, etc.) is essential to support the development of the digital economy.

Between 2016 and 2022, mobile data traffic will have increased eightfold. That equates to 20 GB consumed per smartphone per month in Western Europe.

Internet of Things

Thanks to the IoT - Internet of Things, telecoms manufacturers are able to deploy services and applications in new sectors (transport, energy, production, etc.): monetisation of data, industry 4.0, connected vehicles and autonomous driving, etc.

According to Gartner, 20 billion connected objects should be in use by 2020 compared to 11 billion in 2017, of which 4 billion dedicated to professional or industrial use.

Digital Service

Operators wish to capture a portion of the value of the content and services broadcast on their networks. This strategic diversification aims to generate new income, and to improve the customer experience.

In six years, over five million households subscribed to the BT Sport channel from British operator BT. At the same time, today the Orange Money transfer solution has more than 30 million customers in Africa.

Functional areas covered by ALTEN



From LTE to 5G: study and integration of equipment

To support the R&D activities of an international telecommunications group, ALTEN established an engineering service centre to integrate the new equipment on the existing network, and to conduct a hyperfrequency study on millimetre waves for the deployment of the future 5G network.

The new 5G network will lead to an enhanced use of the electromagnetic spectrum, by employing several new frequency bands, including those of millimetre waves. A multidisciplinary ALTEN team (C++ developer, hyperfrequency engineers, etc.) is participating in:

- the propagation and usage studies of these 'mmWaves';
- the performance assessment (flow, coverage, etc.) in cellular networks;
- the implementation of propagation channel models;
- the demonstration of 5G technology in a heterogeneous network.

In addition, ALTEN is responsible for the integration and validation of new 3G/4G network equipment: IP routing/signalling, definition of test specifications, analysis of results, and so on.

Our consulting engineers are also taking part in resilience verification and have contributed to performance improvements on the existing network.

Banking / Finance / Insurance

Market trends

Regulatory compliance

Regulation following the financial crisis was bolstered considerably in recent years. For banking institutions, the consequence of this was greater transparency in management and in regulatory reforms, imposing a stricter framework (Basel II, Basel III, IFRS 9, GDPR, SEPA). At the same time, the new PSD 2-type directives promote the emergence of competition (payment initiators or aggregators).

The Basel 3 standards, which will come into force gradually between 2022 and 2027, entail a Tier 1 minimum required capital (MRC) surcharge of 3.6% compared to previous standards.

New Digital Services

The exchange of data between authorities based on open, secure APIs will usher in the development of new services and applications shared by a diverse ecosystem: authority, associative sector, private sector, and so on.

In 2018, the UK tax authority HMRC opened 6 APIs to allow third-party developers to access data such as individual income. New third-party applications that use these APIs have reduced the need for interaction between users and agent by 16%.

Omnichannel

The aim is to consolidate the various points of customer contact (e-commerce, stores, etc.) to help optimise the relationship and offer a fluid, homogeneous purchase experience. Omnichannel breaks down the company's silos via support from a single digital platform that pools real-time data from marketing, logistics management, commerce (web, mobile and physical), customer relations and transactions/payments.

81% of retail brands plan to migrate to a unified business platform by 2020 (study by Boston Retail Partners).

Functional areas covered by ALTEN



Digital Banking: Designing the user experience of the future

The mobile and ultra-connected 'Digital Natives' generation is pushing the banking sector to extensively transform the customer relationship and related services. ALTEN is the leading Digital UX Design partner of one of the leading French banks, called on to develop new innovative features.

Based on skills that are both technical (full-stack developers, UX/UI designers, scrum masters, etc.) and functional (marketing, digital banking, etc.), the ALTEN service centre is able to fully grasp the challenges facing the customer, and thus ensure a quick go-to-market.

Computerised advice, transfer by SMS, authentication via automated approval of appended ID, overhaul of mobile apps, the mobile-friendly ergonomics of online banks, chatbots, etc. Over 50 ALTEN consultants are supporting the client as it undertakes its digital transformation projects:

- functional specification (analysis of needs collected from the Marketing and Online Banking departments, etc.);
- project oversight;
- technical completion (architecture, application development, etc.).



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3 Non-financial Performance Statement

In line with Articles L. 225-102-1 and R. 225-104 of the French Commercial Code, the company reviewed its main non-financial risks based on analysis of their existing materiality and relevance, as well as the severity of the challenges linked to financial risk analysis.

Letter from the Chairman Simon Azoulay



“Our corporate culture is based on core values shared by all of our employees, namely the development of human capital, engineering culture and the quest for sustainable growth. The ALTEN Group’s Sustainable Development approach began with the signing of the United Nations Global Compact, and focuses on three major challenges:

A career-accelerating employer, by attracting, retaining and promoting talent, skills development, career and mobility management, security and the personal development of our employees, along with the development of social dialogue.

A key player in sustainable innovation, through the support given to our customers, employees and students in developing sustainable innovative solutions.

A responsible partner, the Group is uncompromising on fundamental issues related to information security, business ethics or respect for the environment. ALTEN is committed to maximising customer satisfaction and contributing to key societal initiatives wherever the Group is established.”

Simon Azoulay,
Chairman and Chief Executive Officer.

Our values

ALTEN brings together human values, sustainable development and engineering culture in the service of performance to satisfy its stakeholders. Our corporate culture is based on key values shared by all our employees.

Engineering culture

Our teams cultivate this same feeling of belonging to a technological environment based on creativity, innovation and trouble-shooting.

Sustainable growth

Thanks to the quality of its senior management, its teams and its rigorous management methods, ALTEN is financially secure and true to its commitments.

ALTEN has for 30 years been involved in all key projects in terms of technological challenges by collaborating on the R&D strategy of its clients to support their performance and provide assistance for their local, national and international projects.

Human capital development

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

Origin of our commitments



2001

- ISO 9001 certification

2010

- The 10 principles of the United Nations Global Compact are signed

2011

- Distribution of the Sustainable Development Charter and the first Code of Ethics

2012

- Distribution of the Responsible Purchasing Charter
- First awarded Top Employer® label in France

2013

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

2014

- Simon Azoulay's honorary chairmanship of the "Elles Bougent" association
- "Advanced" Level awarded by the Global Compact

2016

- ISO 27001 certification

2017

- Launch of ALTEN Solidaire

2018

- A- score with CDP
- ALTEN's CMMI level 3 certification renewed

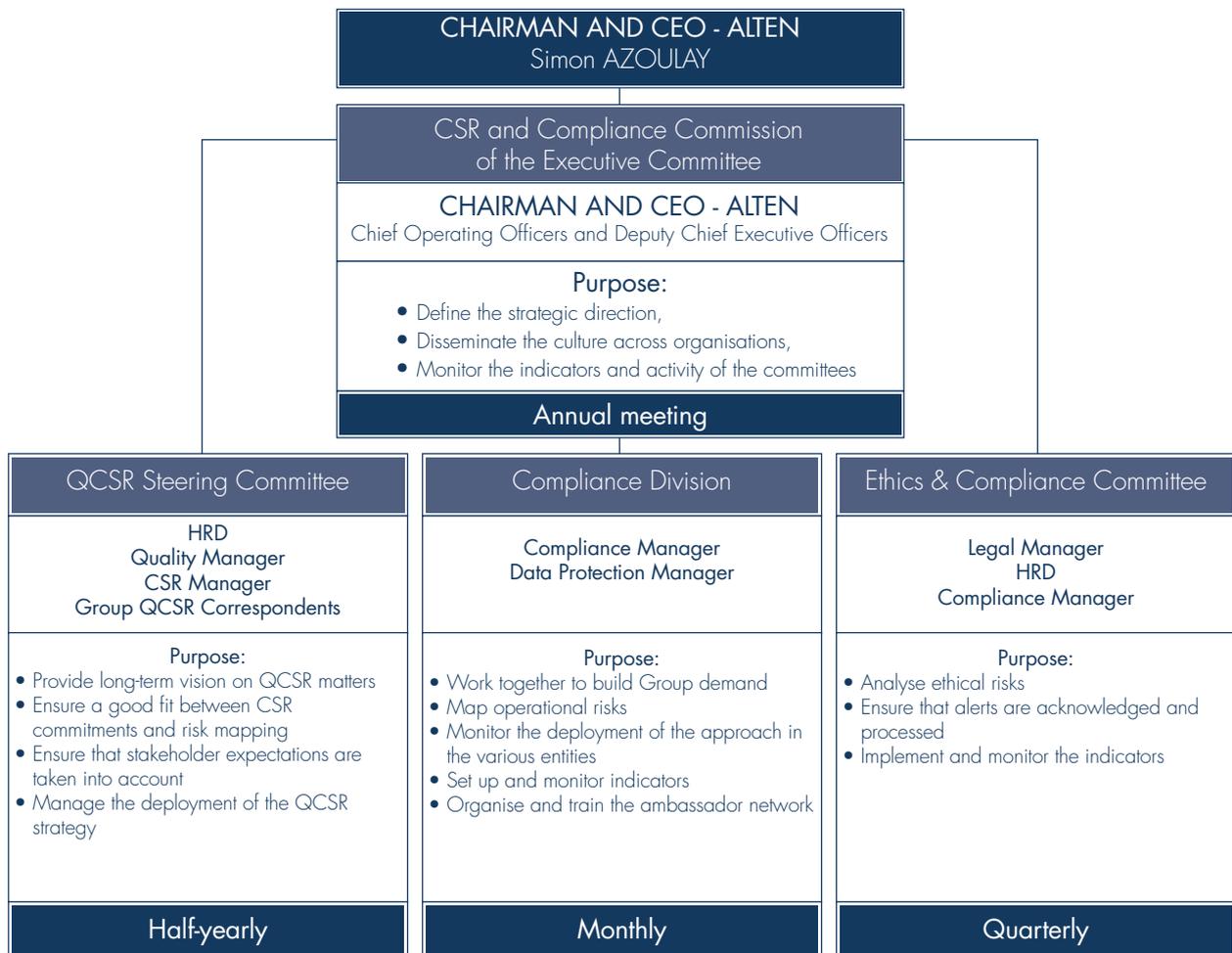
3.1 CSR Governance and Strategy

3.1.1 CSR governance

The Group's international growth and increasingly strict global consolidation requirements led ALTEN to rethink its CSR governance within the Group.

CSR governance was strengthened to support deployment of the approach across all Group companies. A CSR and

Compliance Commission was established within the Executive Committee to validate proposals from the Quality-CSR Group Steering Committee, those from the Ethics and Compliance Committee, and to track the implementation of Compliance projects in the Group.



The CSR team manages the CSR approach across the Group thanks to a network of correspondents within subsidiaries. It reports to the Quality and Performance Department. Its role is as follows:

- determine, run and update the Group's CSR strategy
- assist subsidiaries with the local adaptation of the materiality and conduct of CSR projects
- run the CSR correspondents' network

- promote the CSR approach with management of business lines
- respond to non-financial assessments
- ensure the efficiency of the stakeholder listening process
- carry out CSR intelligence.

3.1.2 Prioritisation of challenges

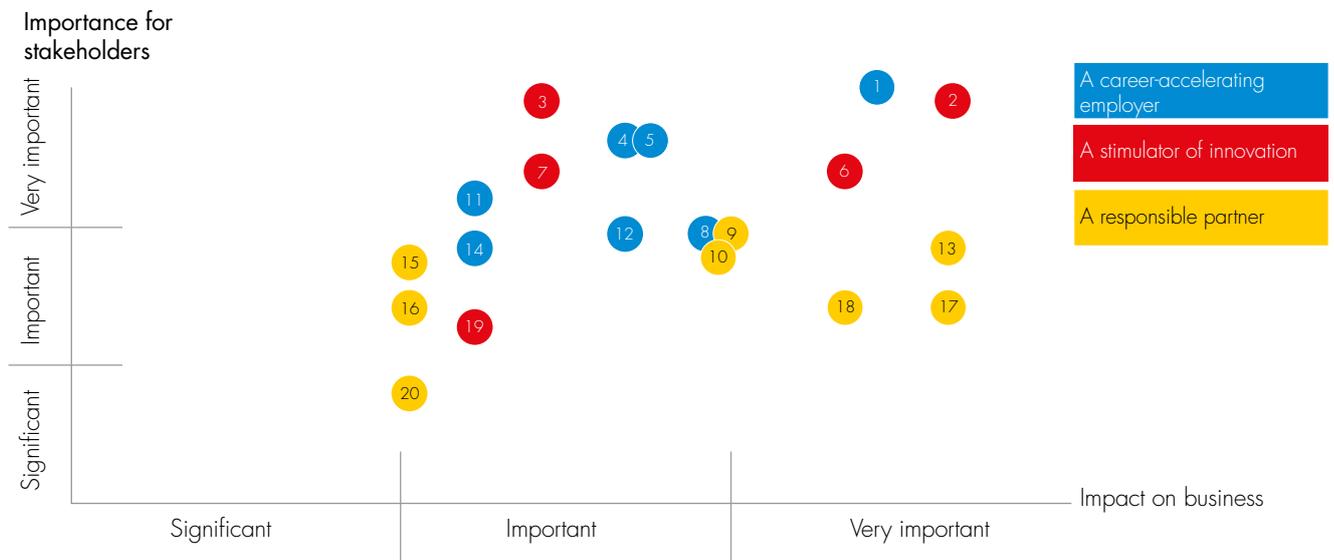
A Sustainable Development strategy is only relevant and effective if it respects the core values of the Group and is consistent with the challenges and expectations of its stakeholders.

The ALTEN Group's materiality matrix complies with the principle of materiality defined by the guidelines of the Global Reporting Initiative (GRI).

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

shape change in the Group. Based primarily on industry analysis and meetings with key stakeholders, this analysis is set forth in the matrix below. This work has also made it possible to focus ALTEN's sustainable growth strategy around three main priorities specific to the Group:

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



A career-accelerating employer

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

A stimulator of innovation

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

A responsible partner

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

3.1.3 Mapping of stakeholders

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

ALTEN's stakeholders interact with its social or economic sphere, its value chain, non-trading company (Civil Society) or the regions in which it is established. In order to maintain a CSR strategy that rises to the challenge, ALTEN communicates with its stakeholders:

Level 1

Staff, consultants, or in-house employees,

ALTEN's true ambassadors

Interaction(s): suggestions box in France, events organisation, in-house communication, satisfaction surveys

Customers

Vectors of our search for innovation

Interaction(s): commercial and technical dialogue, customer questionnaires

Students and young graduates

Future employees with a high added value

Interaction(s): work with universities, participation in fairs, sponsorship and student challenges, social networks, satisfaction survey for candidates

Schools and universities

Partners to nurture careers

Interaction(s): work with universities, school/university partnerships

Level 2

Associations promoting scientific occupations

Revealing tomorrow's potential

Interaction(s): participation in events promoting scientific occupations

Shareholders

Supporting our development

Interaction(s): shareholders' meetings, regulated information, questionnaires, investor meetings

The media

Vectors of the ALTEN brand image

Interaction(s): interview, press, social networks

Suppliers and subcontractors

Partners in our success

Interaction(s): supplier meetings, ALTEN sustainable development questionnaire

Staff representatives,

Ensuring social dialogue

Interaction(s): staff representative bodies

Rating agencies

Witnesses to ALTEN's performance in non-financial areas

Interaction(s): questionnaires covering non-financial performance

Level 3

Professional bodies

Defenders of the sector's interests

Interaction(s): works, both physical and online information sites, support tools

Public and political powers, city halls, neighbouring businesses,

Generators of a sustainable local dynamic

Interaction(s): conferences, articles, online platforms

International organisations

Guides towards a more responsible approach

Interaction(s): conferences, events, websites of organisations

Competitors

Competitors that encourage others to excel

Interaction(s): annual publications, conferences, events

Partner associations

People upholding ALTEN's commitment

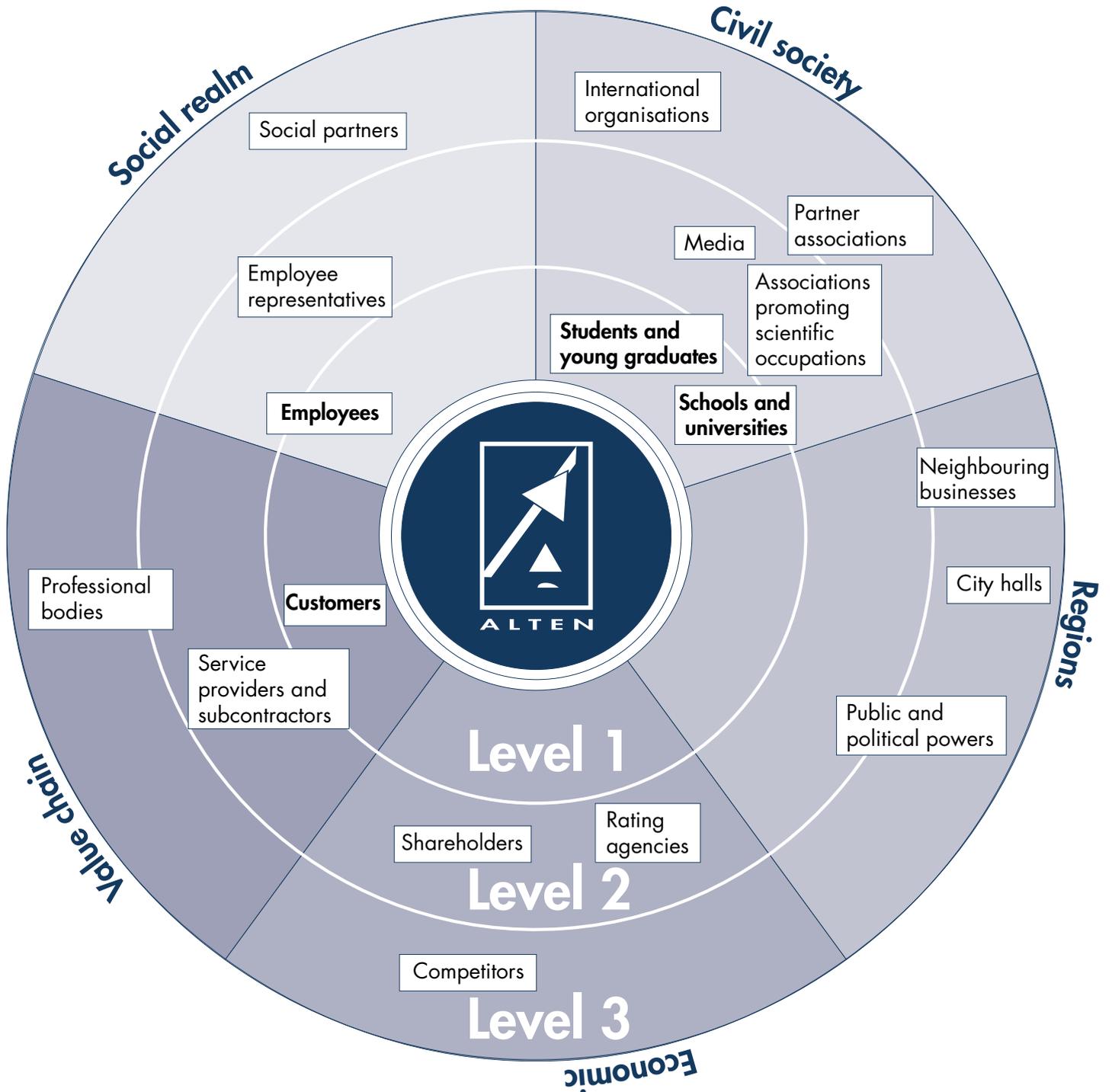
Interaction(s): skills-transfer, events

Les partenaires sociaux

Guarantors of social negotiations

Interaction(s): meetings with trade unions and employers' organisations

NON-FINANCIAL PERFORMANCE STATEMENT



3.1.4 Main non-financial risks

The Quality and Performance Department, the Legal Department, the Communication Department and the Human Resources Department, accompanied by an external consulting firm, worked together to identify, prioritise and define the main non-financial risks.

This work was conducted by comparing the business model, the Group's materiality matrix, and the non-financial themes outlined in Article R. 225-105 of the French Commercial Code.

For each risk, the impact on the Group's business and on the stakeholders was assessed. The probability of risk occurrence was also determined to measure the final impact of each risk. This stage made it possible to identify eight non-financial risks associated with the challenges of the materiality matrix, so as to ensure consistency of the Group's approach and maximise customer satisfaction.

Talent recruitment and retention

In the context of a robust commitment, in which ALTEN's customers are becoming increasingly demanding in terms of quality and productivity, the Group's success may be impacted if it becomes difficult to recruit and retain talent.

The Group conducts an active recruitment policy both in France and internationally. This policy is supported by a retention plan that means ALTEN occupies a leading position on the job market. The Group's strategy to recruit and retain talent is set out in Sections 3.2.3 - "Attracting Talent" and 3.2.4 - "Retaining Talent".

Materiality matrix challenges relating to this risk:

- attract and retain talent;
- promote talents and offer sustainable career paths;
- support talented engineers;
- promote professions which are engineering-related;
- develop social dialogue;
- promote diversity and equal opportunities.

Expertise and skills

The ALTEN Group has positioned itself as a catalyst for innovation alongside its customers and employees. A lack of expertise and skill in supporting our customers would heavily penalise the Group.

To tackle this risk, the skills development programme set up by ALTEN helps employees maintain and/or enhance their employability. In parallel, the Innovation Department helps

to develop innovative and sustainable solutions shared with our customers. The Group's actions are described in Section 3.3 - "Sustainable innovation".

Materiality matrix challenges relating to this risk:

- promote the development of technical knowledge through R&D;
- develop innovative and sustainable solutions to serve our customers and society;
- develop the skills of every person, and reinforce their employability;
- promote the sharing of knowledge among our stakeholders.

Health and Safety in the workplace

Safety in the workplace is a key responsibility for ALTEN, since it helps ensure the optimum working conditions for its employees.

To counter the risk of a deterioration in working conditions, ALTEN has rolled out a prevention and protection policy in terms of employee health and safety, based on regulations, standardised guidelines and stringent internal guidelines. The Group's approach is set out in Section 3.2.7 - "Health and Safety in the Workplace".

Materiality matrix challenges related to this risk:

- employee safety;
- well-being of employees in the workplace.

Security of Information Systems

Information security and cybersecurity are strategic challenges that are a focus of concern for the Group. The risks associated with a weakness in the information system's security pose a threat to the Group's operations and customers.

To counter this risk, the Group has established a policy and a management system to ensure the security of the information systems. The Group approach to ensuring the security of information systems is set out in Section 3.4.3 - "Security of Information Systems".

Materiality matrix challenge related to this risk:

- Ensure the security of information systems

The Ethics Charter and compliance with regulations

ALTEN acts with integrity and ensures compliance with the laws and regulations applicable to it. However, the Group may be exposed to risks associated with a breach of its Ethics Charter or regulations.

ALTEN strengthened its internal procedures in terms of transparency and combating corruption, and complies with the Sapin II Law. All the actions implemented by the Legal Department are set out in this report in Section 3.4.2 - "Ethics and Compliance".

Materiality matrix challenge related to this risk:

- Place ethics at the core of our activities

Dialogue with local stakeholders

In keeping with its values, the Group must contribute to the development of the regions where it is established, support solidarity programmes and work towards innovation in the service of society.

A lack of attentiveness to and dialogue with stakeholders can lead to a deterioration of ALTEN's attractiveness.

The Group has set up a skills-transfer programme in France, in which all ALTEN entities may participate, and undertakes several sponsorship actions in the Group's various entities. See Section 3.4.4.2 - "Responsible Purchasing".

Materiality matrix challenges relating to this risk:

- dialogue with local stakeholders;
- develop worldwide and maintain growth in France;
- support strong and meaningful societal initiatives.

Human rights and environmental damage involving suppliers and subcontractors

The Group must be attentive to the activities of its suppliers and subcontractors, and must be involved in the sustainable development of its partners.

The risk for ALTEN would be use of suppliers and/or subcontractors who do not have the same high CSR standards.

The Group has implemented a responsible purchasing approach, in line with its duty of care plan. The Group's approach is set out in Section 3.4.4.2 - "Responsible Purchasing".

Materiality matrix challenge related to this risk:

- Commitment to long-term relationships with our partners

Climate Change

As environmental regulations weigh increasingly on companies, ALTEN must manage and sustainably reduce the contribution of its activity to climate change.

As a leading Engineering and Technology Consulting company, a failure to adapt its activity to the consequences of climate change represents a risk to the Group's success.

The Group has developed an environmental management system that is incorporated into the quality management system. Based on its A- rating with CDP, the Group considers that the combat against climate change is also a source of opportunity for its business. The Group's policy and emissions reduction plan are set out in section 3.5 - "Reducing Our Environmental Footprint".

Materiality matrix challenge related to this risk:

- Minimising the environmental impact of our facilities

3.1.5 Ratings - Recognition

The ALTEN Group's commitment and non-financial performance are regularly recognised by certifications, labels, and ratings:



Top Employer®: for the eighth year running, ALTEN received the Top Employer® France label, awarded by the Top Employers Institute. This label recognises and rewards ALTEN's Human Resources best practices and the human investments made by the Group to become an employer of reference. ALTEN Spain, ALTEN Italy, ALTEN GMBH and MI-GSO were also certified in 2018.



Notation EcoVadis: in 2018, the ALTEN Group pro-actively assessed the responsibility of its practices, for the 10th year running, using the EcoVadis platform. The Group's Sustainable Development approach was rated 78/100, a 4-point increase on the previous year.



Management system certifications: international standards are strategic tools and guidelines; incorporating the requirements of these standards into the company management system ensures their optimum effectiveness. ALTEN and its international subsidiaries are mostly ISO 9 001 and EN 9100 certified (aeronautics sector) for their quality management system, and ISO 14 001 certified for their environmental performance management.

ALTEN is certified ISO 27 001 (information security management). Note: ALTEN India, APTECH, HUBSAN, ALTEN Spain and ALTEN GMBH in Germany are also certified.



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



Global Compact: a signatory of the United Nations Global Compact since 2010, the Group yet again demonstrated in 2018 the success of its sustainability commitments and initiatives by the renewal of its Communication on Progress (COP) at the Advanced Level.



CDP: in 2018 the Group was awarded an A- rating in recognition of its leadership on the topic of climate.



Universum: ALTEN is also present in the 2018 rankings of the most attractive employers according to students from the leading engineering schools.



Gaia: in 2018, for the fourth year running, ALTEN took part in the Gaia Rating project. Thanks to its environmental efforts, its social commitment and its governance, ALTEN is ranked 39th out of the 230 companies assessed, with a rating of 78/100, four points higher than in 2017.



CMMI: The CMMI® assessment strengthens ALTEN's position as a world leader in the implementation of complex projects, supported by leading-edge expertise and the establishment of development processes. In 2018, ALTEN achieved Level 3, which is the highest level of maturity reached in France, all sectors combined.



HappyTrainees: ALTEN was given the HappyTrainees Award 2018, with over 88% of trainees satisfied with their experience in the Group.

3.2 A career-accelerating employer

3.2.1 Challenges and priorities

The women and men who make up the ALTEN Group are the driving force of its business. As such, ALTEN's ability to identify, capture, develop and promote the best talent is a strategic way to meet the expectations of its customers. ALTEN has set up a dynamic policy of human capital management to rise to the challenges of the materiality matrix.

- talent recruitment and retention;
- career management and training;
- promotion of biodiversity;
- employee health and safety;
- well-being in the workplace.

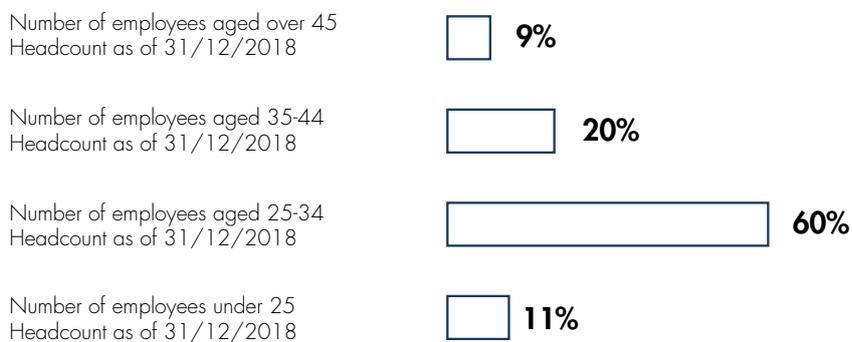
This policy is rolled out on the following priority areas:

3.2.2 ALTEN employees

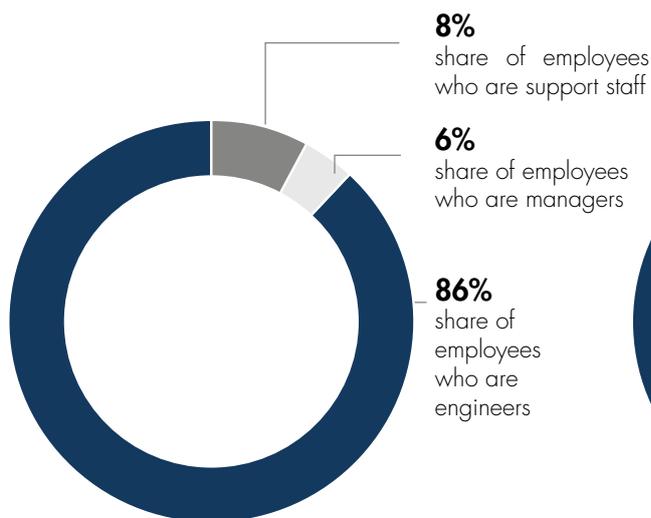
As of 31 December 2018, the total headcount of the ALTEN Group in the CSR scope stood at 26,310 employees, a 16% increase on 2017 at constant scope. All countries in the CSR scope saw their headcount increase in 2018:

	Number of women in the headcount	Number of men in the headcount	TOTAL 2018	TOTAL 2017
France	3,708	9,293	13,001	11,747
Germany	525	1,865	2,390	2,145
Belgium	202	574	776	674
Spain	554	1,357	1,911	1,643
Italy	383	999	1,381	1,136
Sweden	398	1,331	1,729	1,434
India	297	1,256	1,553	1,270
The Netherlands	132	750	882	745
China	226	439	665	444
USA	45	88	133	124
UK	76	663	739	592
Morocco	261	294	555	199
Portugal	41	65	106	27
Finland	103	386	489	438
% Total	26%	74%	26,310	22,618

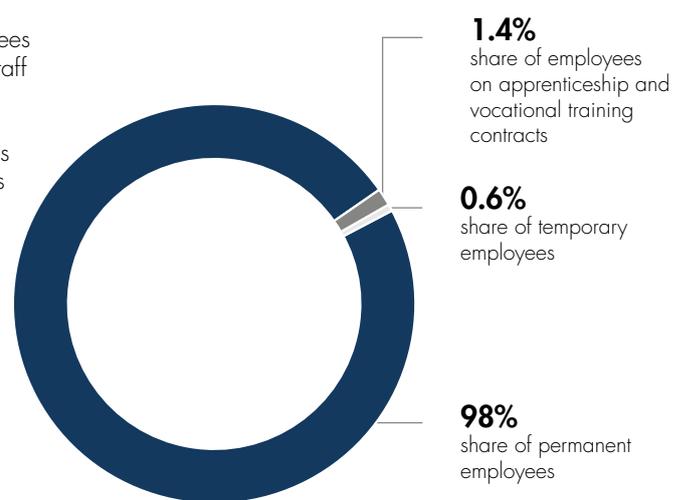
In France, the average age of employees is 31. In the Group, 60% of employees are aged between 25 and 34:



86% of the Group's headcount is composed of engineers:



In France 98% of employees have permanent contracts:



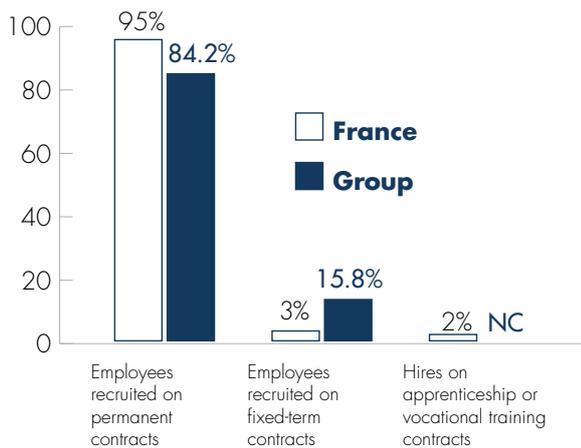
At the Group level, 91% of employees have permanent contracts and 9% have temporary contracts.

3.2.3 Attracting Talent

To support the growth of the Group, the recruitment of talented engineers in France and around the world stands as a major challenge for ALTEN.

The Group's active recruitment policy makes ALTEN a key player in the engineering job market in Europe. In 2018, the Group integrated more than 10,000 high-potential engineers and employees to its teams in the CSR scope. Of these employees, 6,000 were in France.

Breakdown of hires by type of contract:



The recruitment trend is underpinned by a stringent skills analysis process to identify and recruit high-level profiles. The Group's teams of engineers work on the largest technological projects in the following sectors: Aeronautics, Space, Defense, Naval, Rail, Automotive, Energy & Life Sciences, Telecoms & Multimedia, Finance & Services. For this reason, the Group attaches great importance to its experts' technical expertise, knowledge of business sectors, and know-how, so that they can adapt to rapidly changing environments.

- to support its ambitious recruitment policy in France, ALTEN works closely with the student sphere in order to attract the best talent;
- internationally, a recruitment team supports the Group's growth outside France, where ALTEN generates 54.6% of its revenue.

To identify potential candidates as early as possible, ALTEN meets future graduates on a number of occasions: the Group is present at a large number of specialist recruitment fairs

and forums. These events are an opportunity for students and graduates to meet recruiters, to discover career opportunities and moreover to benefit from a wealth of recruitment advice from professionals. In 2018, ALTEN participated in 90 fairs and forums in France.

ALTEN has endeavoured to deepen its relationships with partner schools by working in the following three areas:

- provide the opportunity to discover the engineering professions through fairs, forums and the launch of the Campus Manager Engineer programme, giving some 30 employees the chance to work with students in schools;
- promote and introduce the profession of consultant engineer: ALTEN sponsors more than 20 associations and through the apprenticeship tax, helps to enhance the engineering curriculum;
- support junior enterprises: as a premium partner of the Confédération Nationale des Junior-Entreprises (CNJE) since 2011, ALTEN communicates with 180 business schools, engineering schools and universities. ALTEN goes even further by establishing partnerships with some 20 junior enterprises, which the Group supports in their development via training courses on the following subjects:
 - business development;
 - response to a call for tenders;
 - personal branding;
 - recruitment;
 - project management.

In 2018, over 1,000 students attended these courses.

3.2.3.1 Tools and events

In order to attract new talent, ALTEN develops several initiatives involving its employees:

Cooptation

An internal referral system encourages and rewards the sponsoring of applications by employees. In 2018, 440 people were hired in France thanks to referrals. As true ambassadors of the Group, an increasing number of ALTEN's engineers and managers visit their old universities to give lessons, tutorials, conferences and skills-transfer sessions.

Recruitment events



Job Tour by ALTEN

In 2018, ALTEN renewed and expanded its Job Tour programme, visiting 12 events in 10 French cities, compared to nine events in 2017. Over 700 candidates took part in the new version of the ALTEN Job Tour. ALTEN decided to make each city on its Tour de France a themed meeting including: mini-conferences, focus on innovative projects, professions and their technological challenges, employee testimonials, informal discussions and interviews. The engineers visiting ALTEN benefited from all the expertise of the Group's employees, including digital, Big Data and Industry 4.0.



Digital Innovation Day

Following on from Paris and Toulouse, ALTEN brought its Digital Innovation Day back to Paris in 2018, as well as launching the event in two new cities: Sophia Antipolis and Lille. This technological innovation after-work event presented the latest trends in innovation through a series of mini-conferences. Employees, students and experts talked about digital projects and job opportunities during a speed-recruiting session.

In Sophia Antipolis, the meeting focused on "Artificial Intelligence", in Paris, on "IoT, the Internet of Things", in Lille on creating a Thinking Lab for one evening only, with experts, students and engineers dealing with DevOps.

In all, over 240 people took part in the Digital Innovation Days in Paris, Sophia Antipolis and Lille in 2018.



International Recruitment Meet-up

In France, ALTEN's international recruitment unit regularly organises "Recruitment Meet-Ups" in several cities for all engineers interested in going international with their career. It is an opportunity for candidates to interact with representatives from country subsidiaries, and to find out about the Group's international business lines. In 2018, eight meet-ups were held across France.

ALTEN Campus, supporting student initiatives



In early 2018, ALTEN launched a sponsorship platform aimed at students, known as ALTEN Campus.

This online platform covering calls for projects and challenges (ALTEN-campus.fr), gives students the opportunity to submit charitable, technological, business and sport projects as part of the "Our Students Have Got Talent" programme. Financial support is on offer, but above all, long-term human support, with access to ALTEN's technical and business expertise, as well as a spotlight on the most talented projects.

Sponsorship: ALTEN sponsored "Solidari'Terre", an association made up of students from EM Lyon Business School and Centrale Lyon, for their humanitarian project in Argentina as well as "Higdr'O" bringing together IPSA students who found an innovative and eco-friendly solution to combat a lack of water.

Challenge: The final of the first "Our Students Have Got Talent" challenge took place during the ALTEN Campus Night. Students with an artistic streak (singers, dancers, musicians, magicians, cheerleaders, actors, comedians, and so on) battled it out on stage in front of 300 people.

International initiatives

Numerous initiatives are also launched on an international level to attract talent:

- **in Spain, Sweden, and Italy**, ALTEN is also very active, forging preferential partnerships with several universities. ALTEN Sweden and ALTEN Italy take part in job fairs and technical seminars. ALTEN Sweden invited 100 high-school students to take part in robotics workshops organised on ALTEN's premises;
- **the Netherlands** actively supports many universities and student associations. The promotion of engineering careers is based around sponsorship, in-class interventions and organising public events such as the "ALTEN Playground";
- **in Germany**, ALTEN GMBH has identified target universities, forging close relationships with some of them. A number of events such as recruitment parties, interviews, presentations, workshops and other activities have been organised through

these exchanges. ALTEN has also launched a Mechatronic Systems Master programme with the University of Munich. ALTEN Technology GMBH works in partnership with the two main universities in Hamburg (University of Hamburg and HAW) and the University of Ostfalia. A mentoring programme was set-up for students. Supported, coached and mentored by ALTEN employees from various departments such as HR, Finance, IT or Engineering, these students are also offered job opportunities within the Group upon graduation.

- **in Belgium**, ALTEN puts the emphasis on monitoring sessions with exchanges of technical knowledge.

3.2.3.2 An attractive employer on social networks

The Group is making itself increasingly visible on social media and the Internet. Highlighting initiatives, sharing and relaying information, exchanges, profiles and interviews with consulting engineers: ALTEN has active Facebook, Twitter and Instagram accounts, as well as a dedicated YouTube channel and on the Viadeo and LinkedIn professional social networks. In 2018, the number of Group subscribers on LinkedIn continued to grow, reaching 130,600 subscribers with over 1,000 employees recruited via social networks.

- **LinkedIn Top Companies:** In 2018, ranked for the third year in the LinkedIn Top Companies chart, ALTEN was ranked 18th among the most attractive employers in France. Based on LinkedIn user data, this chart showcases the top 25 French companies in terms of recruitment, attracting and retaining talent.
- **More attractive than ever**, in 2018, ALTEN jumped into the "Online Talent Communication" ranking (OTaC Potential Park France), hitting 13th position, rewarding its investment

and projects launched to strengthen its digital recruitment strategy. The OTaC Potential Park ranking comes from a survey of over 300 criteria on digital recruitment strategies conducted by companies with students and recent graduates from business schools, engineering schools and universities. ALTEN stood out by being the only engineering company in the Top 5 of the "Social Media" category (4th place in 2018 compared to 17th in 2017), rewarding the company's performance on the main social and professional networks (Facebook, Twitter, LinkedIn, YouTube, etc.).

3.2.3.3 ALTEN is committed to promoting the engineering professions among young people

As a key player on the engineering job market, and in the professional integration of young people, ALTEN works on a daily basis to support the engineering profession to and promote scientific and technical professions, from junior high onwards.



“Je filme le métier qui me plaît”: engineers in the spotlight

In 2018, ALTEN chose to become a partner in the “Je filme le métier qui me plaît” competition, by sponsoring a new category, “Engineers in the spotlight”, to highlight the creativity, expertise and vision that engineers show every day in their job. ALTEN presented the gold and silver awards in the “Engineers in the spotlight” category. From over 50 videos submitted by pupils and students in this category, the film made by the IUT in Tremblay, France “Female engineers in the aeronautics sector” won the golden award.

ALTEN is also deeply committed to feminisation in the scientific and technical professions, spearheading several actions to raise awareness of these courses among young women (see 3.2.6 - “Promoting diversity”).

9^e ● LYMPIADES DE SCIENCES DE L'INGÉNIEUR

ALTEN, partner of the Olympiades des Sciences de l'Ingénieur

Launched by the UPSTI, the French Union of professors of science and industrial techniques, the Olympiades des Sciences de l'Ingénieur (Engineering Sciences Olympics) have become the largest science and technology competition in France, with over 5,000 high school students. For the 4th year running, ALTEN presented its Engineering Award with the aim of promoting Engineering Science among young people, creating vocations for engineers and technicians, and developing a spirit of innovation.

3.2.4 Building loyalty among talents

3.2.4.1 Ensuring employee satisfaction

The Group wishes to retain its talents and build their loyalty to support and guide the Group's growth. For this purpose, in 2018 ALTEN launched a loyalty plan in France aimed at:

- reinforcing the quality of management: monitoring and managing the careers of consultant engineers have been returned to the heart of the training programme for business managers. All business managers followed this new training programme in 2018;
- reinforcing consultant satisfaction: the consultant satisfaction survey system has been strengthened by monthly measuring of the following points:

- the quality of relationships with ALTEN,
- interest in their assignments,
- the quality of their working environment.

The results of the surveys are forwarded to the departmental managers in order to ensure the satisfaction of the teams.

In order to better meet the expectations of our teams of consultant engineers, ALTEN events are organised on customer sites. During these “Meet Us” events, teams meet with the consultants to answer their questions and talk with them. 30 Meet Us events were organised on the sites of some 20 customers in 2018.

The roll-out of this initiative will continue in 2019 with increasing number of customers being involved in the process.

The employee onboarding and tracking process has also been reinforced. All consultants are invited to a half-day induction event organised during the first month after joining the company. These half-days are led by teams of managers and they aim to help new hires discover the ALTEN Group and meet their new colleagues. 43 mornings were organised in 2018 in the Ile de France region.

The consultant onboarding path has been reshaped: a five-stage online process enables each consultant and his/her manager to have regular meetings during the course of the first year.

ALTEN also provides its engineers with the opportunity to play an active role in the process of dialogue with the consultant teams and students via the following functions:

- the role of Site Leader, is assigned to a consultant tasked with ensuring team cohesion between consultant engineers working on the same customer site.
- the role of Campus Manager Engineer, is assigned to an engineer in charge of representing his/her university at recruitment forums.

In further efforts to reinforce links with consultant engineers, technical conferences have been organised in ALTEN offices. This initiative also provides the opportunity to highlight the expertise of employees in their specific field and to invite our customers to share these events. This year the following subjects were tackled: artificial intelligence, data protection, cybersecurity, smart city, telecoms (5G).

Lastly, the Yammer social networking service was rolled out in France 2018 in France. Over 6,000 internal users communicate with each other every day through 150 technical and leisure communities. This process will continue in 2019 with the roll-out of Yammer in Belgium and in other Group companies in France.

Our employees are talented

In 2018, ALTEN modernised "Our employees are talented", its internal sponsoring programme with the creation of a new platform for sponsorship of their initiatives in a number of fields: sport, art, culture, humanitarian actions and technology. 23 projects were sponsored out of the 43 requests made on the platform in 2018.

Nos salariés
ont du
talent



ALTEN Awards

The Group is committed to showcasing talented employees, in particular through the third ALTEN Awards in 2018. The ALTEN AWARDS, through nine categories, provide recognition of the involvement, commitment and outstanding performance of the Group's consultant engineers:

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

Among more than 150 applications, the winners were announced during a prize-giving ceremony in the presence of Simon Azoulay, Chairman and Chief Executive Officer of the ALTEN Group.

Similarly, every year ALTEN India awards prizes to employees having demonstrated high performance, creativity and innovation.



3.2.4.2 Social dialogue

With a view to forging constructive links and creating value, ALTEN maintains regular social dialogue with the social partners to favour the company performance and employee protection.

For ALTEN France, 35 Health and Safety Committee meetings were held in 2018.

See Sections 17.4 – “Collective agreements” and 17.5.5 – “Employee relations” of this document.

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

3.2.4.3 Compensation

The ALTEN Group compensation policy combines competitiveness and equality to attract and motivate talents.

See Sections 17.3 - “Agreement on employee profit-sharing” and 17.5.7 - “Compensation, mandatory and discretionary profit-sharing and savings plans” in this document.

3.2.5 Career management, internal mobility and training

For the eighth consecutive year, ALTEN was named Top Employer© France 2018, which rewards companies for their HR policy deployed in 2018.

This label is awarded based on internal audit built upon a reference framework of 400 HR practices covering different aspect of human resources: training, development, career

management, diversity, well-being policy, corporate social responsibility, communication, corporate culture, etc.

ALTEN stands out for its young talent management and development policy, its large-scale training agenda, and its role as a career springboard in particular for young graduates. ALTEN Spain, ALTEN Italy, ALTEN GMBH and MFGSO were also granted Top Employer© 2018 certification.

3.2.5.1 Career management

ALTEN rolls out a dynamic Human Resources Policy firmly focused on the diversity of career paths and skills development. This allows each employee to keep their skills up to date and enhance their employability, and the Group to secure its growth prospects by identifying the skills needed now and in the future. ALTEN has also adapted its internal organisation in order to better target the expectations and specific characteristics of its three employee populations: consultant engineers, business managers and support functions.

Career management of **engineering consultants** is driven by internal processes, implemented by business managers and the Career Development Department : annual appraisals identify the skills acquired and the skills to be developed, define training needs and build development plans. Career interviews are an opportunity to reflect on the direction taken by the career path.

The in-house development of engineers is given prominence, whether it is towards Project Management functions, Specialists, Business Managers or Support Services. In 2019, a project designed to make specialists more visible within ALTEN will be undertaken in order to capitalise on the Group's expertise.

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

needed to achieve goals. Lastly, the AMPLIFY training paths are designed for Business Managers to acquire essential skills and expertise. Throughout their career, individual support, classroom-based learning or e-learning modules reinforce what they learn in-the-field, with operational performance as the goal.

Also of note, an "integration passport" is now in place in ALTEN in both France and Germany, designed to provide new managers with the benefit of support from an experienced manager and supervision in certain key assignments: sales prospecting, recruitment interviews, preparation of technical meetings, etc.

The Department for Development of Support Positions introduced a number of different evaluation processes several years ago:

- annual and Professional Appraisals;
- personnel Reviews and Career Committees;
- management Monitoring and career interviews.

This dynamism and the implementation of all these measures have made it possible to find an internal solution for one vacancy out of every four in ALTEN France Support Services in 2018.

In 2018, 86% of employees in France had an annual review interview, as did 69% of the Group headcount.

Moreover, the Group's subsidiaries take care to deploy customised tools to identify and develop their talents. For example, in Germany, ALTEN GMBH has a bespoke coaching programme to support managers and consultants at every stage of their career.

In Italy, annual appraisals are used to create standard career paths (national and international) that can be accessed on the Internet. Skills mapping is also carried out every year. Mentoring is encouraged at ALTEN India and in Belgium.

Lastly, ALTEN and its subsidiaries introduced various tools for collaborative skills management and to adjust training and hiring plans, etc. In France, for example, three years ago ALTEN introduced a platform for engineers, managers and recruitment staff to fine-tune the mapping of skills and to optimise the search for profiles matching customer needs. In

Spain, an in-house application, accessible to all employees, was developed to consolidate all information on hiring and internships.

3.2.5.2 Internal mobility

In 2018, ALTEN launched the MyMOBILITY platform to reinforce internal mobility. It enables employees to have access to the Group's different vacancies, be able to apply or even to receive alerts to be informed of a position related to their ambitions becomes available.

At ALTEN, mobility provides employees with the opportunity to build their career development in accordance with their ambitions and the Group's growth objectives. It contributes to the company's performance and development and enables gateways to be created between Departments and services. One of the main challenges involved in internal mobility is enabling employees to broaden their skills set, discover a new

role and be trained for it. It is synonymous with a new career boost.

The ALTEN Group offers a wide range of geographical mobility opportunities in France, abroad and in its numerous subsidiaries.

In 2019, the notion of mobility abroad will be reinforced.

3.2.5.3 Professional training

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

Each Group entity has its own specific training department, giving it greater proximity to employees. Information is consolidated by the Group Training Department, in order to centralise it and harness its value creation potential.

Moreover, the Group's internal university, the ALTEN Training Center (ATC), promotes internal training, and structures and

diversifies training opportunities for all employees, regardless of their job. ATC proposes a complete offering, based on varied and innovative teaching materials: classroom-based training, co-development, individual and group coaching, role play training, e-learning or distance learning. The rich diversity of the courses offered by the ALTEN Training Center constantly reinforces the employability of employees.

The ATC deploys two flagship pathways:

- **Project management:** designed for project managers and engineers, with the aim of ramping up the skills of project personnel, disseminating shared project management practices in the Group, and deploying internal methodologies. These courses address two main focuses identified as essential for the success of the projects conducted by ALTEN: a technical focus (Workpackage Management – ALTEN methodology – financial management of a project, etc.) and a behavioural focus (customer relations, communication, etc.).
- **Management and leadership:** focused on the development of shared managerial practices, the management training path for support functions is constantly changing to adapt to the issues encountered by managers. A framework of managerial skills has been built to create a training programme tailored to each career path. Whether they are junior or experienced, our managers are supported in their role through different courses adapted to their needs.

In 2018, ALTEN initiated a programme aimed at developing in-house technical training for consultants meeting the changing needs of roles in the automotive sector, and drawing upon courses delivered in other sectors (nuclear, HR, finance, etc.) which already existed in 2018. These courses are designed and delivered by internal experts on a voluntary basis.

These in-house training programmes are also designed to better prepare consultant engineers before they start working on customer sites and capitalise on internal knowledge.

Cross-cutting programmes, related to safety and sustainable development in particular complete the training offer.

ALTEN has an in-house university dedicated to the development of the skills of its Business Managers. Accessible both in France and abroad, AMPLIFY programmes support managers throughout their career in the Group. AMPLIFY courses are run by more than 70 in-house instructors, who are themselves Operations Managers with ALTEN. They combine group classes based on practical cases, digital learning, tutoring and in-house certifications that make it possible to validate experiential learning. The AMPLIFY programmes enable young engineers to acquire all the fundamentals of the manager's profession.

The DevOps Academy

ALTEN has put in place a new training system, open to new hires and existing employees alike : the DevOps Academy, which enables our consultants to be supported in a fast-growing business area: DevOps. This recent development phenomenon is designed to combine the interests of development and systems engineering teams in order to optimise our customers' time to market. In 2021, 40% of application development projects will be DevOps.

This is a training course which leads to obtaining a qualification and is organised in partnership with the FITECH. This ten-week technical and functional (programming, infrastructure, project management) training course enables trainees to become Lead DevOps or DataOps in three years.

Focus on digital learning: In 2018, ALTEN continued the digitising of training by:

- In 2018, ALTEN continued the digitising of training by:
- building in different methods: rapid learning, adaptive learning, serious games, tutorials;
- supporting new employees with an onboarding pack: a serious game about best practices; for consultants, awareness modules focused on eco-friendly gestures and risk management in the workplace;
- providing tutorials to improve use of internal tools;
- reinforcing existing classroom-based training courses with e-learning modules upstream (blended learning).

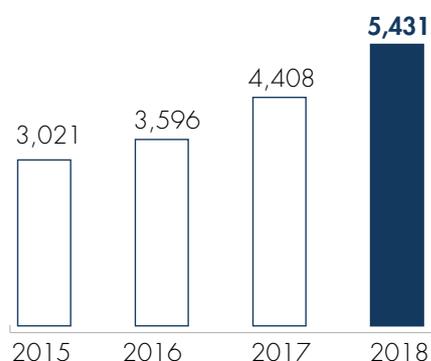
The objectives of this digitalisation are as follows:

- increase employees' learning opportunities;
- raise the awareness of employees of mandatory issues (data security, occupational risks, CSR, etc.);
- reinforce professional training (automotive, nuclear, etc.);
- extend the company's digital culture.

In France and abroad, 275,730 hours' training were delivered on CSR and 12,734 employees trained, representing 39% of the headcount.

- In 2018, in France, 177,077 training hours were thus provided. 42% of employees followed at least one training course:

Change in the number of people trained in France:



- In Italy the in-house University, ALTEN Italy Techno Academy, is dedicated to engineering, through theoretical and practical training and courses focusing on thesis development. Technical training has been organised for new hires and the ALTEN Developer Academy Program has been created: the aim is to train students with regard to the programming languages used in banking and insurance. ALTEN Italy offers individual English lessons for employees who wish to take them.
- In Portugal, ALTEN employees have the opportunity to use the GoFluent platform, an application enabling students to learn languages on an autonomous basis. ALTEN Portugal also uses the AULA streaming platform, an internal platform with a vast range of training courses: databases, HTML5, etc.

- In Belgium, ALTEN established the ALTEN Belgium Academy. It aims to boost engineers' careers through the acquisition of new skills. In 2018, the training portfolio comprised: project management and people management courses, as well as technical courses (DevOps, risk management, etc.).
- In Spain, an innovative solution known as "I Cloud" was rolled out to resolve the difficulties of providing classroom-based training for employees. This effective and dynamic tool helps improve the knowledge of employees and promote their professional development, while at the same time improving ALTEN's customer service.
- In Sweden and Morocco, ALTEN also has its own academies for its consultants.
- At ALTEN Technology in Germany, language and management courses are offered, in addition to the technical and mandatory modules required by clients. ALTEN GMBH offers two compulsory project management courses to all new project managers.
- In India, technical and non-technical training is open to all employees. These courses are decided upon during the annual appraisals. Each employee must follow at least 45 hours' training per year.
- In the Netherlands, ALTEN has its own training institute: the "ALTEN Academy", which organises training for its customers. In 2018, ALTEN Academy delivered over 27,000 hours' training to its employees.

3.2.6 Promoting diversity

Promoting diversity has been made a focal point of the Group's Human Resources policy in order to dispel stereotypes about the role of engineers and increase the number of new hires every year.

3.2.6.1 Engineering is multicultural

Cultural diversity is a reality for the ALTEN Group.

Internal mobility, the Group's international growth and the quality of the recruitment process have fostered this diversity.

In France, the workforce is comprised of 91 nationalities, and more than 108 nationalities are represented in the Group's overall headcount.

3.2.6.2 Employment and integration of employees with disabilities

The Group is implementing a disability policy with pragmatic responses to the issues involved in hiring, job retention, and creating awareness among employees about disability.

In France, ALTEN has reinforced its programme to raise employee awareness about disability as well as supporting the disabled: posters, brochures and interactive content (e-learning, e-book, escape game, video) are made available and an internal Disability cell supports employees with their approach, answers questions and meets requirements concerning workstations. As part of the European Week for the Employment of People with Disabilities, 240 people attended awareness-raising workshops to familiarise themselves with invisible disabilities. In order to reach even more of its employees, ALTEN intends to reinforce its awareness programme in 2019 by organising several events during the year.

The ALTEN Sud-Ouest job advertisements specify that the company welcomes people with disabilities. ALTEN is a participant in the PACTE TH project: a project designed to support the transfer of skills in employment for disabled workers. Together with other companies, ALTEN has contributed towards creating an online resource designed to facilitate the process of matching the skills indicated by disabled candidates with the skills required by the company.

This resource was used during "Les Rencontres de l'Haéro" [a recruitment fair focused on disabled candidates] in April 2018, when it demonstrated its efficiency. ALTEN has expressed its intention to use this system on a national basis when it is rolled out across France.

ALTEN has been a partner of an association which train disabled people with a view to enabling them to find employment. Within the framework of this partnership, ALTEN has undertaken to contribute towards funding training for young disabled people.

ALTEN works closely with sheltered sector companies by integrating them in its projects through co-contracting agreements with its main customers as well as within the framework of its purchasing. This approach enables them to support and help sheltered companies in business sectors by enabling them to take advantage of our know-how within projects. ALTEN undertakes to favour the protected and sheltered sector within the framework of its external service provision and to broaden its range of referenced suppliers from the sheltered and protected sector.

ALTEN also supports a disabled sport fencing champion, the travel platform for people with reduced mobility Handiplanet, as well as various associations during charity runs or skills patronage (see 3.4.6 – "Solidarity in the regions")

The Group's subsidiaries abroad are also active in the area of disability:

- at ALTEN Netherlands and ALTEN India, the offices are accessible for people with reduced mobility;
- at ALTEN Technology GMBH, a committee is tasked with representing the company's disabled personnel;

- In China, ALTEN has organised a workshop on autism and funds a programme aimed at helping autistic children.

ALTEN Spain remains very committed to the employment of disabled people, as its long-standing partnership with the Adecco foundation attests.

Examples of projects developed by ALTEN Spain in the framework of this partnership:

Disability-friendly sports clubs

Since 2010, ALTEN Spain has continued to support disabled children through the assistance programme for disability-friendly sports clubs. The project is aimed at social inclusion and an improved quality of life for children.

"Programa Unidos" project

In partnership with six major Spanish universities and 20 or so businesses, ALTEN Spain and the Adecco Foundation have been part of the "Programa Unidos" project since September 2013. With this programme, firms support and guide disabled students throughout their schooling so that they may acquire the skills and aptitudes they need to further a successful career and their advancement in the business world.

International Day of People with Disabilities

To mark the International Day of People with Disabilities, ALTEN Spain joined in the Adecco Foundation's #reacciona campaign. This event made it possible for the Group to affirm its commitment, to discuss the subject and to raise awareness internally about the clichés facing disabled persons. In 2018, ALTEN Spain strengthened its commitment to diversity and launched a website dedicated to the inclusion of the disabled in collaboration with the Adecco Foundation.

ALTEN Spain is a signatory of "El Charter de Diversidad". Ratified on a voluntary basis, this charter commits companies and institutions to complying with the fundamental principles of equality. In particular, its goal is to implement genuine policies for a non-biased work environment, along with non-discrimination programmes.

3.2.6.3 Engineering has no age limits

While the average age of ALTEN employees is relatively low (age 31 in France), the expertise of more experienced employees has helped to capitalise on key knowledge and skills for the Group. The Group has a dedicated process for managing their career paths, comprising a "second half of career" interview and special access to training. At the same time, ALTEN ensures that their expertise is passed on to the Group's young graduates, interns and those on work-study placements.

The Group takes on many young people through internships, apprenticeships or work-study schemes, mostly in the support

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

3.2.6.4 Promoting engineering to women

Female high school students, trainees, apprentices, employees, etc. Throughout their careers, ALTEN sends a strong message to women that engineering careers are not reserved for men.

As a key player in the engineering job market, and in the professional integration of young people, the company has a responsibility to raise awareness among young people and to encourage women to choose technical and scientific paths. The partnerships the Group has forged with associations such as "Elles Bougent" represent an opportunity to be able to guide female students in their career choices, to be present as far upstream as possible, in secondary schools and sixth-form colleges.

• **Situation within the Group**

Sweden has also formed an internal network with a view to building a community of women: Women@ALTEN. They meet on a regular basis and organise events (meet-ups, after-work, sports activities, etc.) throughout the year. The aim is to reinforce the position of women in the world of industry and technology.

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

Change in the number of women in the France headcount



2018 gender equality index

Since 1 March 2019, French companies with over 1,000 employees must measure five indicators and published their overall score in accordance with the method used to calculate the gender equality index.

- ALTEN SA obtained a rating of 94/100.
- ALTEN Information Systems and Networks obtained a rating of 73/100.
- ALTEN SUD OUEST obtained a rating of 79/100.
- MI-GSO obtained a rating of 78/100.



• **Elles Bougent**

Too few young women choose to train in scientific or engineering subjects and they are still under-represented in engineering professions. Partner of the Elles Bougent association since 2009, ALTEN is committed to encouraging young women to choose engineering as a career and consequently seeks to increase the number of female engineers recruited.

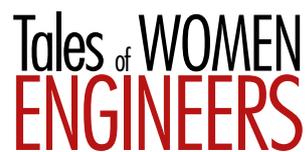
Through the presentations made by female sponsors who are passionate about their professions, the Elles Bougent association informs secondary school pupils and university students about the very large number of career opportunities open to engineering graduates. Over 80 ALTEN sponsors, managers and consulting engineers, took part in the events organised by the association throughout the year in order to share the passion for their profession with young women: visiting trade fairs (Paris Motor Show 2018, "L'Usine Extraordinaire" Exhibition at the Grand Palais in Paris, etc.), guest speakers in educational establishments, and special events organised by Elles Bougent (Challenge Innovatech, Elles innovent pour le numérique, etc.).

¹ Sweden is not included, due to local legislation; Sweden limits gender statistics.



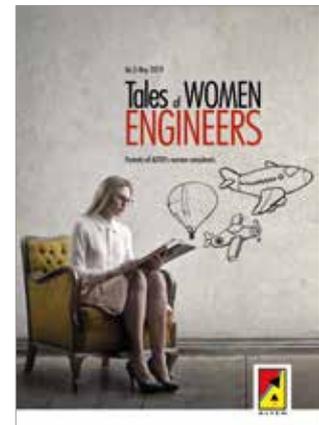
- Trophées des Femmes de l'Industrie (Women in Industry Awards)

ALTEN, a partner of the Trophées des Femmes de l'Industrie (Women in Industry Awards) for the seventh year running, has presented the "Women In Projects" award since its creation to an exemplary project and a remarkable woman. This was a great opportunity for the Group to remind attendees of its historic commitment to the engineering professions, and its commitment to promoting the place of women in engineering



- Tales of Women Engineers

The commitment of the ALTEN Group in favour of encouraging more women to choose a career path in engineering and scientific and technical fields has given rise to the "Stories of Women Engineers" Portfolio in which the Group's consultants share their career paths and describe their professions. Circulated in January 2018, the second issue focused on eight female consultant engineers who spoke about their experiences in the aeronautics, automotive, energy and banking sectors as well as their roles as Site Leaders (RSI), the special point of contact within the Group, ensuring team cohesion and the flow of key information to engineering consultants working on the same customer site.



3.2.7 Health and Safety in the workplace

The health and safety of employees is a priority for the ALTEN Group and meets customer requirements in terms of both standards and regulations. Our major areas of focus are road safety and the training and accreditation of our employees to ensure they are sufficiently prepared and authorised when faced with risks.

Our Health and Safety policy focuses on the acronym FORCES: The goal is to Federate, or unite, all of the stakeholders around a safety culture, Optimise the working conditions of employees, Respect the requirements

concerning standards, regulations and customers, Capitalise on our best practices in order to see that they are shared by all stakeholders and Ensure that everyone is committed to respecting this Health and Safety process.



Our approach is based on:

- Risk prevention, by identifying all risks to which employees may be exposed, raising employee awareness of those risks and measures to be taken for prevention and protection, including dialogue and communication with the Health and Safety Committee. All the Group's subsidiaries reaching the relevant regulatory thresholds organise a Health and Safety Committee, convened as often as the law requires;
- Training, with a proactive approach to both regulatory and voluntary schemes. Upon joining the company, each new hire must follow an e-learning module about professional risks. In 2018, over 21,000 hours of safety training were delivered (including e-learning).
- Awareness training for employees regarding specific risks is regularly organised. The "Health, Safety & Environment" booklet is circulated to all employees and is the reference document for awareness-raising. With regard to road safety, ALTEN is a signatory of the "National campaign for road safety in a business context" championed by the Ministry of the Interior and a half-day road safety training course was organised in Lille.
In parallel, discussions about safety are led by safety engineers or Lead Engineers, in order to discuss health and safety issues with consultant engineers. In 2018, 900 people took part in these discussions in France.
- Putting in place dedicated equipment, in particular personal protective equipment e.g. 100% of ALTEN sites in France are equipped with defibrillators;
- Monitoring regulations and standards enabling ALTEN to respond to and anticipate safety regulations as early as possible. ALTEN implements legal and regulatory monitoring in order to be permanently informed of changes to regulations. 2019 will see regulation monitoring committees meeting every quarter.

Furthermore, ALTEN has adopted a proactive policy concerning MASE (Manuel d'Amélioration Sécurité en Entreprise) [manual for the improvement of company safety] certification for its branches in Lille, Lyon and Aix en Provence. As part of this process, a health, safety and environment questionnaire has been sent to all the employees of certified branches in order to measure their level of knowledge on these subjects.

In order to measure its performances with regard to Health and Safety, ALTEN uses the following:

- a risk management assessment questionnaire, designed by drawing on the ALTEN internal safety reference document, which was sent within the MASE scope. The assessment proved to be positive as the employees showed that they had good knowledge of the ALTEN safety culture;
- our risk mapping: 100% of "at risk" sites were visited during 2018.

In order to reinforce the safety culture, ALTEN is working towards ISO 45001 certification by 2020, in order to share the experience gained in the MASE branches with the rest of the branches in France. Furthermore, the safety team is working on optimising the road safety sections of the internal reference document and training materials in order to support the other subsidiaries in their efforts to meet the safety level required by the Group in three years' time.

MI-GSO is also undertaking to improve road safety by signing the "seven commitments for safer roads" charter. MI-GSO ensures the safety of its employees on the road thanks to in-company communication and prevention actions.

Organisation of working time and absenteeism

In 2018, the part-time headcount represented 1,6% of employees in France. Levels of absenteeism reflect the aggregate of days of absence through sick leave and work or commuting accidents. In 2018 in France, it stood at 1.65%.

See also Section 17.5.6 - "Health and safety" in this report.

3.2.8 A balanced workplace

3.2.8.1 Well-being

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

- in France and Spain, a new employee handbook is available: it contains useful information about the Group's organisation, its values and commitments as well as opportunities for career progression. This handbook facilitates the integration of each employee into the company by making a wide range of key information available which is crucial for successful orientation and faster on-boarding;
- an e-learning module on "well-being in the workplace" is available for employees, helping them to understand the psycho-social risks of stress and moral harassment;
- to promote the health and welfare of its employees, the ALTEN Group encourages and supports numerous ad hoc actions all over the world:
 - in France, yoga courses are offered to employees at the registered office. On the occasion of the "J'aime ma boîte" (I love my company) day, various events were organised.
 - in Belgium, relaxation areas are provided for employees. A "flex office" policy was implemented and the equipment was replaced by ergonomic furniture on premises; every year, a questionnaire concerning the assessment of well-being at work is sent to each member of staff,
 - in the Netherlands, employees are regularly informed about the attitudes to be adopted for a healthy way of working, in particular by the Dutch Health Inspectorate. An external certified health service provider guides employees in the event of illness. In 2018, actions designed to enhance well-being at work were undertaken following the circulation of an employee satisfaction questionnaire,
 - ALTEN India has health professionals visit its site to run yoga sessions and lead discussions on health-related subjects (diabetes, nutrition). ALTEN India also organises free consultations with a doctor and dentist for its personnel,
 - in Germany, ALTEN GMBH provides baskets of organic fruit in the offices.

- in 2018, ALTEN Italy introduced a portal on its internal network dedicated to partnerships in the areas of well-being and health. For instance, employees can benefit from reductions from companies partnering ALTEN (fitness centres, etc.).

Accessible by everyone on the intranet portal, a suggestions box encourages all employees in France to propose improvements in areas such as wellness, processes, tools, activities, or any other subject that they feel strongly about.

In 2017, 40 suggestions were submitted on a variety of topics: protecting the environment, improving the quality of life in the workplace and putting in place new training courses. The sustainable development team is responsible for analysing all ideas put forward and replying to all contributors.

The Group also supports the creation of ALTEN sports teams:

In France, buoyed by its ALTEN Runners community with over 250 members, every year ALTEN teams take part in solidarity races organised in aid of charitable organisations (Soli'run, Cross du Figaro, Corrida de Noël, etc.).

ALTEN joined forces with Dunes d'Espoir, a non-profit association, to take part in these races in 2018, enabling young disabled people to take part in the Solirun 10 km, the Cross du Figaro, the Corrida de Noël and the Challenge du Monde des Grandes Ecoles aboard a "Joëlette", a type of single-wheeled wheelchair, pulled by the ALTEN runners.

Internationally:

- In Belgium, employees ran in the Brussels 20Km and the "Race against the Nature".
- ALTEN Spain took part in the "La Carrera de las empresas" inter-company competition, "La Olimpiadas de las empresas saludables" and "La Carrera de la Capacidades", the latter being organised in aid of disabled people. In 2018, ALTEN employees also took part in a walk dedicated to fighting cancer, as well as the eHealth Challenge, the first inter-company online solidarity Olympics, in which the energy generated by each company through its employees practising sports is measured. ALTEN Spain introduced a social network called "ALTEN B+Healthy" to encourage employees to form groups and teams for a variety of sports.
- In Germany, ALTEN employees ran in several races that attracted over 80 participants.
- In Sweden, employees took part in track races (Skrylle Challenge, Actionrun) and a race in Stockholm where participants were encouraged to donate blood. ALTEN Sweden also took part in a women's race, amongst other

races. ALTEN Sweden introduced an internal sporting network called ALTEN Sport. Numerous sporting activities were organised, including squash, tennis and paddle tennis matches, football, etc.

- In Italy, employees ran the DeeJay Ten through the streets of Rome.
- In India, sports and team spirit are also spotlighted with the organisation of cricket tournaments, both internal and inter-company.
- A number of teams from ALTEN Netherlands also participated in the largest grass volleyball tournament in Europe. This event organised by the Eindhoven University of Technology, attracted more than 4,500 participants.

3.2.8.2 Work/life balance

ALTEN's eagerness to safeguard the work/life balance of its employees has led to it support their various passions and personal initiatives in the fields of sport, humanitarian action, the arts or culture through the internal sponsoring programme, "Our employees are talented" (see 3.2.4.1 - "Ensuring employee satisfaction").

The Group's employees can also take part in projects designed to help increase the number of female engineers or become involved in skills sponsoring missions with ALTEN Solidaire together with partner foundations and associations (see 3.4.6 - "Solidarity in the regions").

On Yammer, the internal social network, a large number of internal technical (Data Sciences, Agile & Devops, Smart City, Blockchain, etc.) or leisure (Gourmet, Sailing, Literature,

Cinema, Culture Geek, etc.) communities favour meeting and discussion on a day-to-day basis.

ALTEN also provides its employees in France with unlimited access to the Bsit collaborative babysitting application.

3.3.Sustainable innovation

3.3.1 Creating value for our customers

The ALTEN Group has positioned itself as a catalyst for innovation alongside its customers, employees and society by developing innovative and sustainable solutions.

ALTEN conducts its own Research and Development and innovation projects, with the aim of balancing economic, environmental and societal dimensions. With a view to creating value for its customers and enabling them to

benefit from best practice in technologies and development methodologies, ALTEN acts in the following priority areas:

- sustainable innovation;
- projects with high environmental value in all sectors;
- customer satisfaction.

3.3.2 Innovation: strategic objective of the Group

Designing, producing and validating new products and services determines all of the ALTEN Group's businesses, processes and organisational systems.

With a positioning at the heart of R&D, ALTEN must be capable of totally integrating development projects, in their extensive diversity, supporting its customers with innovative and sustainable offers based on in-depth product knowledge as well as benefiting from the know-how across all the Group's activities. In particular, the profound digital transformation that has marked the last ten years has totally decompartmentalised industry and changed the balance of the original jobs in manufacturing industries and services. For example, over 50% of the cost of designing a new vehicle concerns the development of embedded software and electronics. Similarly, technical solutions are validated essentially by using complex digital simulation models, such as in aeronautics and the nuclear field. These skills are no longer as differentiated between different industries and have a common knowledge base. As a result, all sectors, from automotive to banking, apply the same strategy: better understanding how products are used by forwarding this information thanks to big data/ the Internet of Things/data processing technologies, etc., integrate intelligence into their systems to make them more efficient, digitise their design and production to significantly improve development time and the quality of the result.

Being able to propose multi-sector solutions becomes a major asset for customers who can consequently benefit from this leveraging effect and focus all their attention on their own areas of expertise.

ALTEN therefore puts innovation at the heart of its strategy and organisational system. All of the Group's entities contribute towards this process of creating added value:

- on the one hand through upstream R&D activity by studying new digital concepts and tools, by offering equity-financed solutions and drawing on in-depth knowledge of development issues experienced by customers;
- on the other hand, by means of a direct, proactive and effective contribution to customers' own R&D programmes, in particular through Work Package-type offerings.

The Group's laboratories have developed in a highly pragmatic manner since 2011:

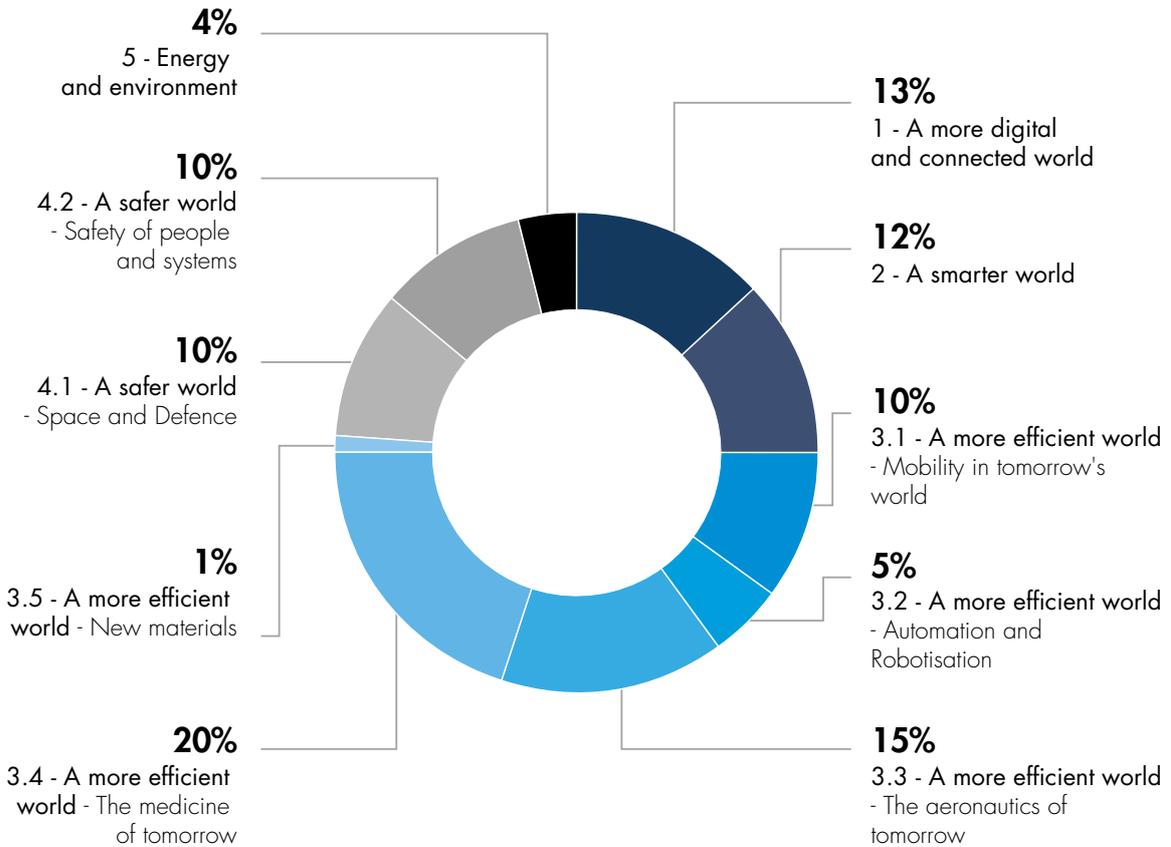
- by developing scientific activities with academic partners and research organisations, enabling the development of high-level know-how in "hard" sciences. This is the case, for example, in Chaville and Rennes;
- by supporting certain customers in their search for innovative solutions concerning specific themes. This is the case in Toulouse in the digitalisation of the product development cycle for a major aeronautics player, in Boulogne in the robotization of processes or in the LINCOLN subsidiary and in Sophia-Antipolis for big data technologies and automatic learning applicable to service industries.

Networking these laboratories in order to better capitalise and share know-how will be undertaken in 2019 with the introduction of a common collaboration platform and an integrated organisation system. It will also make it possible, on a far more regular basis, to train consultants with regard to new information and communication technologies on concrete projects as well as increasing the Group's appeal to the young graduates who will have contributed to them.

3.3.2.1 Highly diversified R&D

The Experimental Research and Development themes are in line with the highly diversified sectorial DNA of the Group. They can be segmented in the following manner:

- the themes that combine ALTEN’s know-how in engineering and the information and communication technologies, namely digitalisation & connectivity, and artificial intelligence. They represent 25% of overall R&D activity and are growing steadily;
- themes in more specific sectors, with new products, systems and technologies: life sciences, aeronautics, automotive & rail, automation and robotization of production industries, materials. This traditional activity contributes 51% of R&D;
- the themes relating to security: defense & space, protection of people and systems. Together they represent 20% of R&D activity;
- the themes that encompass renewable energy and the environment represent 4% of R&D.



Sources: report containing R&D expenditure by entity, % in terms of days worked on R&D projects

3.3.2.2 Numerous ambitious achievements

The Experimental Research and Development conducted within ALTEN make it possible to provide an overview of transformation worldwide. The following subjects are just some examples demonstrating the technical dynamism of the ALTEN teams and their potential to adapt.

1. A more digital and connected world

The first visible aspect of this transformation concerns digitalisation: thanks to the steady increase in computing power and the miniaturisation of information storage, global digitalising started a few years ago and is continuing in all sectors of activity. Whether it concerns the interfaces between people and the systems they develop, or the interfaces between these systems, everything is becoming digital.

The challenge is now two-fold: the conversion of the environment into digital data and the transmission and accessibility of this information. Today it is a matter of being able to access this data everywhere and at all times. This involves developing systems enabling this connectivity (Internet of Things, Cloud, Wi-Fi, etc.) and, in some cases, results in an additional challenge related to the speed of accessing data in the Cloud.

Scalable container architectures

Providers of computing solutions and services designed for the global tourism and travel industry are modernising their systems and tools by migrating them to the Cloud in order to optimise accessibility and availability through any material resource throughout the world.

Within this framework, ALTEN uses its experience of cutting-edge technologies to develop, for a major player in the sector, scalable container architecture as well as more robust and efficient data migration solutions. In particular, real-time response time is a constraint that structures the system. The work provides the opportunity, for instance, to develop more suitable data retrieval methods by combining synchronous and asynchronous retrieval methods, and to equip platforms with new functionalities making it possible to increase the level of flexibility with regard to calculating prices.

New Banking Services

The digital revolution is forcing banks to redefine themselves as a set of platforms making it possible to meet the expectations of customers, employees and regulatory authorities by proposing an offering based on making data concerning new banking products and services more personalised, secure and flexible.

In this paradigm shift, the combined efforts of the ALTEN SA and ALTEN SIR teams support and guide their customers through their experience in the fields of IT architecture, flow management and application development. They enable them to manage the aggregation of assets, the automation of the retrieval of documents and the constitution of transverse client profiles encompassing several departments or establishments, while still guaranteeing the implementation of protocols and compliance with the latest standards.

This partnership approach is illustrated in a wide range of examples such as the development of personalised Robot Advisors, visualisation and alert notification tools providing the opportunity to multiply the possibilities of user actions via centralised interfaces, while encouraging knowledge-based behaviour thanks to the transmission of information concerning official regulations or risks run.

2. A smarter world

Digitisation and inter-connectivity have enabled the networking of an increasing amount of digital data. This is sometimes heterogeneous and has different origins. This increase has necessitated, on the one hand, new solutions enabling these huge amounts of data to be analysed (deep learning, machine learning, etc.) and, on the other hand, has paved the way to the emergence of new data reconciliation possibilities at a higher level (neural networks, supercomputers, shared calculations, etc.). These new artificial intelligence and prediction solutions impact all business sectors. We are gradually entering the era of digital models.

Maintenance tool for a fleet of helicopters

Helicopter maintenance ensures the safety of people and requires a huge amount of technical documentation to be available, updated according to fleet use, and available to be read with or without an Internet connection. In order to extend the performance of this tool under development, ALTEN has implemented new artificial intelligence modules.

These are designed for the automatic processing of natural language from typographic, syntactic and phonetic viewpoints. Techniques for processing language, disambiguation, synonymy and lemmatisation make it possible to quickly and effectively retrieve all the information required for maintenance operations from the database.

Autonomous vehicles

Autonomous cars should be able to provide a solution to societal issues such as safety, comfort the environment, road traffic management, etc. They have become a major challenge for the majority of automotive manufacturers with significant involvement of equipment suppliers and other players in the sector. In particular, the concepts developed cannot be physically validated by traditional road tests.

Digital simulation is the only tool capable of predicting all of the possible behaviours and situations. The ALTEN teams were mobilised in 2018 in order to propose experimental solutions to different technical aspects:

- studying and developing ADAS sensors² and characterisation using new digital testing methods: cameras, lidar, ultrasound, radar;
- developing simulators to reproduce realistic environments through advanced image processing technologies in particular;
- studying driver behaviour (driving phase, emergency braking, etc.) through data processing, developing algorithms and automatic learning.

Analysing mobility in public areas

Research on the subject of Artificial Intelligence is also being conducted by other companies in the ALTEN Group such as LINCOLN, a subsidiary specialising in data engineering and data science. For example, in 2018 LINCOLN examined the issue of mobility by conducting research aimed at understanding the flows of people in railway station public areas in order to optimise their organisation. Collecting and using multi-source data (sensor data, Wi-Fi data, etc.) has made it possible to identify congestion points, minimise the impacts of building work on flows and estimate the potential of shopping areas in order to better harness it.

3. A more efficient world

In parallel to this major transformation of the planet towards digital, work is also being undertaken in a number of areas to optimise existing physical and digital systems. This improved efficiency is often related to process automation. Depending on the sector, the challenges remain the need to constantly

improve the performance of the systems developed in order to meet higher expectations and more exacting requirements.

3.1- Mobility in tomorrow's world

The increase in population and its densification in constantly expanding cities necessitate a rethink of mobility and the flows of people. Whether it is a case of the automotive, rail or aeronautics sectors, all land and air transport are undergoing a radical transformation. Performance levels must continuously improve in terms of autonomy (in particular as part of the more widespread roll-out of electric transport), power, efficiency and comfort.

Improving performance levels of new powertrains

Multiple research and development activities were undertaken by ALTEN teams in 2018 in collaboration with various automotive manufacturers, with the permanent aim of reducing engine consumption while maintaining initially achieved performance levels:

- a. variable compression rate studies;
- b. developing a tilting flywheel to reduce vibration;
- c. developing variable geometry turbines;
- d. studying different types of engine distribution;
- e. thermo-management of oil to reduce friction loss.

New tram power system

Within the framework of developing a new ultra-quick static recharging solution for trams at stations (20 seconds), consultants have been involved across the whole system, working on the development of electronic cards, the design of test benches and the development of embedded software. There are numerous applications for the results obtained, which pave the way to promising system developments, in particular with regard to recharging electric buses, thus promoting clean transport.

² Advanced driver-assistance systems to assist autonomous driving.

3.2 - Automation and Robotization

With a view to responding to increasing demands for equipment due to the growing global population, ALTEN is working on the production and robotization of factory operations, regardless of their complexity. The challenges are to improve traceability, limit human error and work towards Factory 4.0.

However, robotization extends beyond Factory 4.0. Products, whether intended for the general public or businesses, are destined to become increasingly autonomous. Several research projects have been carried out in this area by ALTEN's laboratories, using its own funds.

Optimum trajectories of autonomous drones

Begun internally several years ago, research into telemetric sensor systems (for environment detection: obstacles, etc.) and the autonomous movement of terrestrial or airborne drones continued in 2018 on two main subjects:

- drone tracking, consisting of making a swarm of drones follow a leader drone, without specific communication, with just a frontal onboard camera making it possible to estimate the position, orientation and relative speed of the leader drone to adjust their trajectory;
- "unobstructed zone monitoring" consisting of designing optimised drone trajectory algorithms by searching for "unobstructed zones" rather than the classic approach based on avoidance of obstacles.

Control system for evaporation equipment

In the world of manufacturing, product quality is a major preoccupation. More specifically, in the semi-conductor industry, thin film deposition is particularly complex and constraining, requiring increasingly efficient processes. Artificial intelligence provides original solutions to these automation issues. In this case, ALTEN consultants have designed a control system using a neural network to self-regulate the formation of chemical deposition in vapour phase, thus obtaining a far more homogeneous surface than previous systems.

3.3 - The aeronautics of tomorrow

With digitalisation and communication technologies, the world has become more global and the distances between the different points on the globe appear to be reduced. Since it is possible to communicate with the other side of the world, it is also necessary to be able to go there quickly.

Developing more economical, faster and more electric aircraft has become a major challenge as the requirements in terms of equipment, to renew fleets as well as for their growth, are increasing dramatically.

Plane de-icing systems

In order to improve flight safety and continuing efforts to redirect aircraft systems to electricity as an energy source, ALTEN Sud-Ouest contributes directly to research efforts focusing on new de-icing philosophies and the development of new onboard systems designed to detect icy conditions encountered during flights.

Using plane life-cycle data

As modern planes generate more and more operating data, these new databases represent a large source of added value information for airlines and manufacturers. Based on a Big Data and Machine Learning logic, consultants are developing new Data Mining algorithmic approaches to use these databases with a view to improving safety, performance knowledge and aircraft behaviour during their life-cycles.

Manufacturing large-sized structural parts

Additive manufacturing processes have historically been used for the purposes of fast prototyping. Technical progress is now paving the way to conducting experiments on large-sized structural metal parts. In order to aim for the eventual mass production of sub-assemblies, research has been conducted with a view to removing the technical barriers and uncertainty that still restrict the development of this type of manufacturing for the aeronautics industry.

3.4 - The medicine of tomorrow

The medical sector is also undergoing radical change. This new medicine must meet several societal challenges: helping people, being more effective and more discrete in its implementation (in particular in terms of medical devices and implants).

Developing glasses for the prevention of child myopia

The statistics tell their own story: one-third of the world's population has poor eyesight. Eyesight has thus become one of the major challenges of the WHO³. It is against this backdrop that spectacle producers are working tirelessly to develop new solutions. In a preventive approach, ALTEN is involved in the development of therapeutic glasses to limit the progression of child myopia. The aim is to slow down the

lengthening of the eye which is the cause of the worsening of this condition. In order to do this, development has been based, on the one hand, on a very specific arrangement of micro lenses, and on the other hand, on the precise characterisation of the optical strength of the latter using a new testing method.

New devices for cardiac and vein operations.

In the sector of medical robotics, the ALTEN teams have contributed to developing robotic solutions for treating vascular disease such as myocardial infarction and strokes. The aim of the project is the remote manipulation and positioning of guides and catheters during coronary angioplasty in order to increase the reliability of the operation and make it safer. The long-term goal is to replace manual techniques with remote manipulation by improving operating conditions while guaranteeing patient safety.

Clinical studies

The ALTEN specialist subsidiary AIXIAL works with numerous health players and pharmaceutical laboratories in their research programmes as well as to conduct clinical, pre-clinical and observational studies with a view to assessing or identifying new molecules covering a large number of therapeutic areas.

Developing a process for the sterile filtration of vaccines

Whenever a new vaccine production campaign is undertaken, the strains used are liable to change in line with new WHO³ recommendations which can impact filtration and the dosage technique of the main active ingredient. The work conducted by our specialist subsidiary CADUCEUM, in collaboration with a global leader in vaccines, has led to the development of a pilot process for the sterile filtration of a vaccine, with a very significant improvement in its reliability, in particular by adapting the method used for the dosage and filtration with the main active ingredient.

3.5 - New materials

Impacting all of these sectors, the development of materials is a necessity if the aim is to improve the physical systems and increase their lifespan. Understanding of molecular interactions is becoming increasingly precise and enables greater control of the effects at microscopic level, and the longer term developments therein.

³ World Health Organisation.

⁴ Space-based multi-band astronomical Variable Objects Monitor for spatial gamma observation projects.

Developing a model for the characterisation of oil ageing

Maintenance is a crucial process in the life-cycle of rail equipment, and is both complex and costly. The difficulty involved in accessing lubricated equipment hinders the process of anticipating the deterioration in grease and oils as well as leaks and malfunctions. This was the context when ALTEN started working with a major rail company to meet the following challenges:

- study and development of a grease and lubrication ageing model;
- remote diagnosis of oils by developing a system of special sensors designed for predictive maintenance and a longer life-cycle.

New surface treatments

This activity focuses on improving the internal fastening elements of primary motor pumps in nuclear reactors. Research and development work has made it possible to significantly increase the lifespan of parts by working more specifically on thermal or oxidative constraints. The identified solutions will enable the overall improvement of these pressurised systems.

4. A safer world

4.1 - Space and defense

Forerunners of general public technologies, the space and defense sectors are the stage for very advanced research projects. Whether concerning means of detection, communication or action, it is necessary to be more efficient, precise and discrete. These technologies must also be perfectly operational in very hostile conditions (humidity, temperature, vibration, etc.) which makes for a perfect laboratory before their use in systems for the general public.

Developing space systems

ALTEN is involved in the SVOM⁴ programme dedicated to observing gamma-ray bursts aided by a satellite in orbit at an altitude of 600 km around the Earth. Our consultants have developed a remote reprogrammable electronic device enabling communication between the computer and the telescope detection plan.

Similarly, for the development of a microsatellite, for which the mission is aimed at mapping, monitoring and characterisation of CO₂ flows in the atmosphere and therefore exchanges between natural or anthropic sources and the sinks formed by the atmosphere, the ocean, soil and vegetation: we have

conducted experiments on its model and made it possible to characterise and harness the nature of a vast quantity of information gathered by the system.

Reconnaissance drones

In addition to enhanced performance (flight autonomy, stability, noise, speed, endurance, etc.), reconnaissance drones must also respond to other specific constraints such as guaranteeing a satisfactory lifespan in very harsh and disparate environments. The ALTEN SA consultants have directly contributed to their development, in particular in the following areas: multi-physical validation, design of prototypes and conducting of tests in order to validate these new drones, understanding the phenomena observed, etc.

4.2 Protecting people and systems

The combination of the digital transformation and the improvement in the efficiency of systems (and robotization in particular) has enabled the emergence of new solutions making it possible to ensure security vis-à-vis an environment: it is essential today to be able to take into account all possible configurations in the lifespan of systems and work towards zero faults.

Safety and security is becoming critical in an increasingly digital world. Providing secure systems, obtaining trust in digital solutions: there are no systems or uses today that are not concerned by these requirements both for the general public and companies.

Pipeline operation and safety (gas, oil, etc.)

This project is dedicated to the development of a new industrial risk modelling method in the field of transmission of natural gas. For regulatory reasons, a risk study must be undertaken on pipelines. However, pipeline routes are not always fully available or reliable. By using GISs (Geographic information Systems) and all of the related analytical tools, the ALTEN team has conducted a comprehensive digital modelling of these routes, making it possible to determine optimal precision of pipework explosion modelling and quantification of the potential issues in terms of safety.

Using Blockchain technology in cybersecurity

ALTEN has launched various internal research projects on Blockchain in order to assess how it responds to various cybersecurity aspects. The initial work was related to the contribution of Blockchain to systems in the Internet of Things and their exposure in terms of cyberattacks during the process

of updating their micro software. A whole area of security concerns identification and authorisation, in a digital world where the ID/password pair has become outdated and insecure. The first activities focused on creating a digital identity using an actual identity by drawing on Blockchain and the mechanisms for identity retrieval through a trust network. Work undertaken has also dealt with the contribution of the Blockchain in collective organisation such as creating and operating private sharing spaces in social media.

5. Renewable energy and environment

Lastly, the speeding up of all these technological developments has highlighted a new environmental issue concerning the management of resources, in particular energy, be it fossil or renewable, and raw materials. All the technological developments undertaken are now focusing on the sustainable and long-lasting management of the resources they require. Today, it is essential to be able to predict and anticipate the impact of all new technology on the planet and environment in order to minimise the indirect effects in a highly systemic world.

Powertrain emission control

Powertrain emission control is at the heart of the technical, strategic and regulatory challenges facing automotive manufacturers both in terms of petrol or diesel systems. Against a backdrop of perpetual change, automotive manufacturers must continually develop new solutions to ensure compliance with the standards in force as well as for testing and validating the technologies proposed in a totally secure manner. Given the multiplicity of pollutants, there are many subjects that need to be investigated and research activity focused on the following themes during 2018:

- simulation of consumption and emission cycles to analyse engine behaviour on an SCR-type⁵ emission control system;
- combustion tests on different technologies (pistons, injectors, camshafts) to minimise pollutant emissions;
- development of components for oxidation catalysts for new exhaust systems;
- development of a new pump for a urea system enabling fine particle emission control;
- optimisation of a physico-chemical calibration model for an SCR catalyst.

⁵ Selective Catalytic Reduction.

Renewable energy in the marine environment

Technologies related to ocean thermal energy have undoubtedly not yet been sufficiently studied. Within the framework of developing a heat exchanger instrumented prototype, ALTEN has undertaken its digital modelling with the supply of simulation software, and research into the performance of steam flow for each pressure profile. Modifications have consequently been made to the exchanger to remedy the insufficient heating performance.

Energy recycling of electric vehicle batteries

Recycling electric vehicle batteries would seem to be the weakness of this technology. With a view to improving on the traditional recycling methods, a solution has been developed with an automotive manufacturer: giving Li-Ion modules a second life by reusing them for residential storage. However, this transposition is not harmless due, in particular, to the use of already ageing modules. ALTEN has consequently provided its expertise to simulate and develop a robust technology compatible with the residential environment.

3.3.3 Customer satisfaction

ALTEN is committed to the multidisciplinary nature of the skills of its engineers, its upscale, high value-added technological positioning, and diverse product offers as the means to providing customer satisfaction. In addition to the different certifications covering quality, safety, information and environmental protection, as well as its R&D and innovation programmes, ALTEN has put in place a technical organisation system and globally recognised projects through:

- the Projects Department, whose 300 directors and project managers, technical directors and experts serve the Group as a whole;
- a training centre and academies (DevOps, Cybersecurity, Testing) that allow all engineers and consultants to advance their careers at the highest level;
- technical communities to promote the exchange and sharing of information.

ALTEN's know-how concerning the management of complex projects has once again been rated at Level 3 "Capability Maturity Model and Integration – Services" (CMMI-SVC®) for the next three years.

The CMMI® Model is a global reference enabling engineering companies to put in place an organisational system and processes in order to conduct projects as part of a continuous improvement programme. Level 3 means that the organisation has a series of standard processes, defined for each project and tailored to respond to each specific customer context.

Level 3 is the highest level of maturity reached in France, all sectors combined. The CMMI® Level 3 assessment strengthens ALTEN's position as a world leader in the implementation of complex projects, supported by leading-edge expertise and the establishment of development processes.

3.4 Ethics and Human Rights

3.4.1 Challenges and priorities

For ALTEN, being a responsible partner means placing ethics at the heart of its activities and listening to all stakeholders. The Group establishes relationships of trust with the latter, so as to always meet their requirements and satisfy their expectations.

The Group's approach, based on the principles of integrity and transparency, are formulated around the following priorities:

- an ethics and compliance approach;
- security of the IT systems;
- responsible purchasing approach;
- duty of care plan;
- solidarity-oriented approach across the country.

3.4.2 Ethics and compliance

The ALTEN Group built its growth on the basis of fundamental principles of integrity and transparency. Executives and employees of the ALTEN Group carry out these principles in order to establish lasting relationships of trust with all of its stakeholders: employees, shareholders, public or private sector customers, suppliers, competitors and all other partners. As such, the ALTEN Group complies with:

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

The Group's commitment to conducting and developing its activities in strict compliance with national and international laws and regulations is set forth in three founding documents, distributed both internally and externally: the Ethics & Compliance Code, the Sustainable Development Charter and the Responsible Purchasing Charter. These documents are presented in the Duty of care plan (see 3.4.5).

The Group's Compliance Division is responsible for ensuring that these standards are respected wherever the Group operates and ensuring that compliance is firmly rooted in responsible and continual efforts. The Group's Compliance Manager reports regularly to General Management on these subjects.

The Compliance Division coordinates and standardises operations conducted within the ALTEN Group and draws up and circulates Group policies to all employees. It also puts in place all the pedagogical tools intended to disseminate a culture of compliance.

The Compliance Division relies on an internal network of ambassadors. These ambassadors are the communications channel between the Compliance Division and Group entities.

Preventing corruption risks

The ALTEN Group has a "zero tolerance" policy as concerns corruption. It strives to disseminate this message to all of its stakeholders. Moreover, it is carried out with respect to the national and international standards to which it is subject regarding preventing acts of corruption⁶.

In terms of corruption, and more generally compliance, ambassadors have as their primary task to convey the demands and the goals of the Group's General Management as well as to report back on any alerts received locally.

ALTEN has defined and carries out its anti-corruption policy in compliance with the eight pillars prescribed by the Sapin II Law⁷.

CODE OF CONDUCT

The Group's Ethics & Compliance Code has for many years formalised the commitment of the ALTEN Group with respect to zero tolerance on corruption and conflicts of interest. This Code is available on the Group's website and retrievable by all stakeholders at the following address: <https://www.alten.com/alten-group/responsibility-and-sustainability/>

These commitments were strengthened by adoption of an anti-corruption Code of Conduct that applies to all of the Group's internal and external employees and Corporate Officers. It defines the main principles (corruption, conflicts of interest, etc.) and describes them so that everyone is able to adopt ethical behaviour in compliance with the Group's policy.

The roll-out of the anti-corruption Code of Conduct in subsidiaries is accompanied by a communication and awareness program.

AN ALERT MECHANISM

In 2016, ALTEN equipped itself with the "MyALERT" alert system, available on the intranet and open to all employees. In an ongoing improvement process, the ALTEN Group decided to strengthen its alert system to meet the demands laid out by the Sapin II Law and by General Data Protection Regulations (GDPR).

A MAPPING OF RISKS

Pursuant to current legislation, the ALTEN Group has drawn up a mapping to identify and prioritise corruption risks according to the specificities of the ALTEN Group (activities, geographic sectors, etc.).

In 2018, this exercise led to the development of an action plan for strengthening and preventing risks, approved by the Group's General Management and deployed in the various entities with the support of local management.

PROCEDURES FOR EVALUATING THIRD PARTIES

The Group has implemented procedures for evaluating third parties. It has also equipped itself with the tools (databases, etc.) required to carry out these evaluations.

For example, systematic evaluation of third parties is carried out for merger-acquisition operations by relying on, as needed, the expertise of outside firms.

ALTEN has also reviewed its contractual policy to systematically incorporate so-called "compliance" clauses in its relationships with customers, suppliers and partners. This may trigger, as needed, compliance audits.

ACCOUNTING CONTROL PROCEDURES

The Group's accounting control procedures were adapted to take into account legal requirements in terms of preventing corruption.

⁶Federal Corrupt Practice Act in the United States, United Kingdom Bribery Act in the UK, law no. 2016-1691 of 9 December 2016, called "Sapin II" in France, World Bank, OECD, Organisation for Economic Cooperation and Development, International Chamber of Commerce (ICC), Transparency International.

⁷The law no. 2016-1691 of 9 December 2016 concerning transparency, the fight against corruption and modernisation of economic life, called the "Sapin II" law, introduced new obligations regarding businesses.

TRAINING

The Group devised a training program adapted to targeted populations and an awareness campaign intended for all employees.

When new employees are hired, they are made aware of the Group's culture in terms of "zero tolerance" for corruption, in particular, through a welcome handbook that references the Group's Ethics and Compliance Code.

In addition to raising awareness generally among employees, ambassadors conduct specific training in order to disseminate a business culture of compliance and thus prevent corruption.

A DISCIPLINARY SYSTEM

The anti-corruption policy must be known and backed by all of the Group's employees. Thus, to ensure strict compliance with the principles that appear in the Code of Conduct, ALTEN has paired them with disciplinary sanctions.

AN INTERNAL CONTROL AND ASSESSMENT MECHANISM

The internal control and assessment mechanism makes it possible to oversee the efficacy of measures, identify gaps and devise actions to prevent corruption. It is carried out based on a mapping of risks of corruption, which is updated by the Compliance Division.

Gifts and invitations take on specific importance in the context of ethical business relations and must be free from any conflict of interest. The Group has a policy on gifts and invitations, which was recently updated. It recalls the guiding principles, provisions for authorisation and provides employees with recommendations for confronting potentially risky situations.

Protection of personal data

Regarding protection of personal data, ALTEN is equipped with a dedicated organisation and governing body.

Thus, ALTEN created a position of Group Coordinator in charge of coordinating and rolling out, by means of a network of Data Protection Officers (DPO) or Data Protection correspondents, the Group's policies and procedures in terms of protection of personal data.

A Group personal data protection policy was implemented in order to ensure uniformity of procedures and processes regarding protection of personal data within the Group.

Furthermore, all processing of personal data is subject to review in order to identify any potential deviations from current legislation and to update information or authorisation notices to all persons concerned.

ALTEN also mobilises significant resources to train and educate all of its employees on issues relating to the security and confidentiality of data, as well as the protection of personal data, whether it is by means of e-learning, face-to-face training or distribution of guides and memoranda.

International sanctions

The Group's compliance policy also covers prevention of risks in terms of violation of international sanctions. The evaluation process for third parties, which was implemented as part of anti-corruption measures, is also intended to prevent risks in terms of violation of international sanctions by the ALTEN Group.

For example, the Group took specific measures when the United States pulled out of the Iranian Nuclear Agreement (the "JCPOA") in order to prevent any risk at the expiration of the various transitional periods.

Fiscal transparency

In accordance with the Group's strategy, the fiscal policy of the ALTEN Group endeavours to maintain its reputation and image and to reduce the fiscal risks to which it is exposed in the exercise and development of its activities.

Fiscal practices within the Group adopt a responsible approach to taxation, according to a model of efficient tax management, with strict compliance with the rules and regulations in force everywhere in the world where the Group operates.

For this reason, the ALTEN Group's fiscal policy is formulated around three main principles:

- The prevalence of economic activity: implantation of the Group in a country is determined by the desire to develop the best offerings and best serve its customers in the country concerned;
- Fair taxation of operations: the Group ensures rigorous application of national and international tax regulations in

force and pays the taxes incumbent upon it in the countries where it operates;

- Managing fiscal risks: the Group is committed to safeguarding fiscal expenses by means of reliable financial data, documentation of fiscal options and continuous improvement in identifying and managing fiscal risks within the Group.

In the context of the Group's commitments to exercise and develop its activities with stringent respect for national and international laws and regulations, the ALTEN Group implemented, in particular, a transfer price policy in accordance with OECD principles. The Group keeps an eye on fair distribution between countries of the Group's internal operating margins.

In accordance with its legal obligations, the ALTEN Group has performed "country by country reporting" since the 2017 financial year, declaring the distribution of profits, taxes and activities by tax jurisdiction.

Moreover, the Group does not have any legal entities in a territory registered on the list of Non-Cooperative States or regions as defined by French and international law.

3.4.3 Security of IT systems

Information security and cybersecurity are strategic challenges that are a focus of concern for the Group. Since 2016, ALTEN has integrated into all of its processes an Information Security Management System (ISMS) recognized by ISO 27001 certification.

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

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

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

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

In the context of this dynamic, ALTEN Spain has been certified ISO 27001 since 2013. ALTEN France and ALTEN India followed in 2016, as well as ALTEN GMBH, APTECH and HUBSAN in 2017. This certification was awarded as a result of a strategy and work started several years ago.

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

As in 2018, year 2019 is focused on information security with projects intended to ensure compliance with requirements and to fight against cyberattacks that are increasingly targeting businesses.

3.4.4 Maintaining lasting relationships with suppliers and subcontractors

Strengthening and standardising purchasing practices across the Group

2017-2019 purchasing policy and programme

ALTEN's purchasing policy is driven by the Group's Purchasing Department. It is built around the following five work axes:

1. The business line axis, aimed at sharing and supporting internal stakeholders in the formalisation, application and monitoring of processes and good purchasing practices;

2. The economic axis, aimed at ensuring the company's purchasing performance;
3. The quality and performance axis, aimed at measuring and managing the performance of suppliers, partners and subcontractors;
4. The business relationships axis, aimed at ensuring the integrity and sustainability of supplier relationships while promoting innovation and competitive bidding;

5. The risk axis, aimed at covering risks regardless of their nature: financial, societal, information security, confidentiality, CSR, legal, reputational, regulatory and certifications.

The Purchasing Department oversees deployment of the 2017-2019 purchasing programme in synergy with other company departments. This programme is aimed at ensuring:

- continuous improvement of the purchasing function at the Group level;
- definition of a specific oversight strategy for priority purchasing groups.

In 2018, several structural projects were conducted to:

- support the transformation and performance of the IT Department or and the department in charge of employee travel, for example;
- share procurement rules and procedures within the Group.

This programme is in the process of being rolled out internationally and more specifically in regions where the ALTEN Group has more than 1,000 engineers.

Support for international subsidiaries

To support international entities in their purchasing efforts, the ALTEN Group's Purchasing Department has made a service catalogue available to its subsidiaries, regrouping the following themes:

- the deployment of Group-wide master contracts;
- sharing of the French processes and documentary framework;
- the provision of economic and non-economic reporting tools;
- establishment of a Group-wide purchasing community;
- Support in certification procedures.

At the European level, an initial mapping of the maturity level of purchasing teams was done in 2017, on referencing, monitoring and managing supplier performance. The maturity of the process was assessed by means of four criteria: process, performance indicators, traceability and risk management.

In 2019, this mapping will be updated in order to measure the progress of various entities on the subject of purchasing.

Responsible purchasing

ALTEN's responsible purchasing scheme is deployed throughout France.

Founding principles

The responsible purchasing scheme draws on the "Responsible Purchasing Charter", which sets out all of the Group's commitments and obligations with respect to suppliers. It builds on the founding principles of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

The Purchasing Department systematically incorporates the responsible purchasing charter into its specifications during calls for tenders, as well as in contracts. It thus ensures the commitment of its suppliers to respect the principles and convey them to their own suppliers.

Mapping of supplier CSR risks

The Purchasing Department completed a mapping, which it also updates, of risks related to Human Rights, health and safety, the environment and corruption related to suppliers' business sectors.

A level of CSR risks is thus assigned to each supplier as a function of the category to which it is connected.

CSR assessment of suppliers and the duty of care

The CSR performance of new suppliers is assessed and taken into account in the selection stage during the call for tenders. Certain CSR issues specific to the supplier's business sector may also be discussed during the annual review of suppliers.

Since 2018, suppliers in France presenting an elevated CSR risk following a CSR risk analysis, must demonstrate their level of control over the issues in their business and their value chain while completing a CSR questionnaire.

Their answers to the questionnaire will result in formal action and monitoring plans, or physical audits in the event that documentation presented by the supplier is not satisfactory.

For the purchasing part, in 2018, all priority suppliers received the CSR questionnaire in France: among the

suppliers who responded to the questionnaire, 41% were deemed satisfactory and 40% were deemed unsatisfactory. A plan to follow-up on these measures will be implemented in 2019, so as to increase the number of suppliers evaluated by CSR questionnaires and to monitor the performance of suppliers having received low scores:

- ALTEN will work with suppliers whose performance is rated as weak or average. An action plan will be formalised and monitored and may result in physical audits in the event that documentation presented by the supplier is unsatisfactory. Collaboration with suppliers may be called into question if the action plan is not implemented.
- suppliers that receive an evaluation deemed satisfactory will be encouraged to retain this level as part of the continuous improvement in CSR, or to evaluate their performance by means of assessment, certification and audits conducted by independent third parties. ALTEN will favour business relationships with suppliers rated satisfactory.

3.4.5 Duty of care plan

ALTEN acts in the interests of the safety of people, sustainable development, respect for Human Rights, individual freedoms and Ethics. By signing the Global Compact in 2010, ALTEN formalised its commitment in favour of Human Rights and respect for the environment.

Innovation

In order to promote innovation, the ALTEN Group maintains a regular dialogue with supplier partners on the occasion of business reviews and participates in outside events dedicated to innovation with strategic partners.

This commitment is articulated operationally with all employees by the Group's CSR and ethics and compliance strategies.

3.4.5.1 Mapping of risks

Mapping of risks is conducted by the Quality and Performance Department, the Legal Department and the Purchasing Department. Initially, ALTEN carried out work on risk identification, followed by a risk assessment undertaking for the following three types of risks:

- risks related to the Group's business activities;
- risks related to the business sector of suppliers and subcontractors;
- risks related to the countries in which ALTEN engages in business activity.

ALTEN relies on its own benchmarks and external indices to quantify the level of risk.

- For its own business activity, ALTEN carries out regular environmental impact assessments. Each environmental risk related to ALTEN's activity is assessed by means of a rating method that takes into account the frequency, the severity of the impact, the demands of stakeholders and control.
 - the frequency is determined as a function of the occurrence of signs of the impact,
 - the severity indicates the level of impact on the host environment,

- the demands of stakeholders are determined based on requests received from interested stakeholders on the site (communities, media associations, residents, government bodies, etc.) concerning an environmental aspect or impact,
- control of the risk is determined based on actions implemented to reduce impact and their effectiveness. This criteria also takes into account the level of ALTEN's regulatory compliance.

ALTEN also performs a social risk analysis by means of assessing professional risks (including psycho-social risks). For each of these risks, the initial risk is cross-referenced with accident data and the degree of control. The residual risk calculated in this way is then ranked (intolerable risk, substantial risk, average risk or controlled residual).

Finally, the ALTEN Group developed a mapping in order to identify and rank the risks with regard to corruption (see 3.4.2.1 – "Preventing corruption risks").

- For supplier and subcontractor activities, the Purchasing Department mapped the risks related to Human Rights, health and safety, the environment and corruption related to the supplier's business sector. Suppliers are given the level of criticality of the services they perform.
- Finally, ALTEN assesses the social and environmental risks of countries in which various entities of the Group are located, with the help of external indices concerning the level of corruption and respect for political and civil rights. For the environmental aspect, ALTEN's activity being the provision of intellectual services in all countries, the environmental risk related to the country is considered low for all its activities.

3.4.5.2 Tools to prevent serious harm

The ALTEN Group possesses several charters, which govern its business activity, employee activity and that of its suppliers and subcontractors.

Ethics and Compliance Charter

The "Ethics and Compliance Charter" formalises the Group's commitment to exercising and developing its activities in the strictest compliance with national and international laws and regulations, particularly as regards the fight against corruption. It applies to all employees in all countries where the Group operates.

It reiterates the commitments backed by:

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

The requirements of the charter are as follows:

- respect the Group;
- honour business relationships;
- prevent corruption;

- carry forward the requirements to suppliers and subcontractors;
- control exports;
- prohibit insider trading;
- prevent conflicts of interest;
- protect data and assets;
- prohibit agreements or understandings with competitors;
- respect the environment;

Sustainable Development Charter

Through this charter, the ALTEN Group is committed to promoting a corporate social responsibility approach within all its companies.

The requirements of the charter are as follows:

- act with integrity and ensure compliance with applicable laws and regulations;
- encourage development of skills, social advancement of its employees, diversity and equal opportunities by fighting discrimination;

- guarantee working conditions that respect Fundamental Rights and ensure the safety, health and well-being at work of its employees;
- protect the environment by sustainably reducing the impact of its activities on natural resources and biodiversity and promote “eco-friendly actions” by its employees;
- support customers in the development of solutions favourable to the environment;
- encourage employees to actively participate in responsible innovation;
- bring together its partners – customers, subcontractors and suppliers – around its values and encourage them to contribute to its commitments regarding sustainable development;
- support solidarity programmes related to the Group’s values;
- work for the development of engineering and promotion of scientific and technical careers;
- base corporate governance on rigorous management and responsible communication.

The Responsible Purchasing Charter

This Charter is an integral part of purchasing contracts. It applies to all the suppliers of the ALTEN Group and is comprised of 10 points concerning Human Rights, ethics and the environment:

- respect Human Rights;
- prohibit forced or compulsory labour;

- prohibit child labour;
- fight against all forms of discrimination;
- fight against corruption;
- health & safety;
- compensation;
- respect for freedom of association and recognition of the right to collective bargaining;
- prohibition of all forms of discrimination, harassment and violence;
- respect for the environment.

By signing the Charter, the ALTEN Group’s suppliers are committed to implementing the necessary means to ensure respect for the principles laid down in the Charter.

The Charter requires, by cascade effect, that ALTEN Group suppliers convey these provisions to their own suppliers, including in countries that are not signatories to the conventions of the International Labour Organisation and in which they may be required to work.

The Anti-corruption Code of Conduct

See 3.4.2.1 - “Preventing corruption risks”.

3.4.5.3 Controlling the risk in the Group’s activities and those of its subsidiaries

ALTEN carries out policies and procedures aimed at ensuring respect of its charters and preventing any violations, particularly in terms of human rights, fundamental freedoms, personal health and safety, as well as the environment in the course of its activities.

These procedures rely upon social dialogue, promotion of diversity and the FORCES policy.

Social dialogue

ALTEN pursues a policy of dialogue with its social partners (see 3.2.4.2 - “Social Dialogue”).

Promoting diversity

ALTEN is committed to the fight against discrimination and respect for diversity, and has embedded these principles in its Sustainable Development Charter. Diversity is a central tenet of the Group’s Human Resource policy (see 3.2.6 - “Promoting diversity”). Our principal actions address:

- gender equality in the company by promoting loyalty in and valuing the ALTEN Group’s female engineers;
- the fight against all forms of discrimination, and in particular the subject of disabilities, with the goal of providing pragmatic answers to the problems of hiring, retaining and raising employee awareness;
- supporting younger and older employees.

QHSE Policy: FORCES

Every year, the General Management of the ALTEN Group reiterates its commitment to maintaining a reliable Management System, oriented toward satisfying all stakeholders. The ALTEN Group's QHSE-Sustainable Development policy is developed according to six axes:

- federating, or uniting, all employees, professions and process pilots;
- optimising the company's processes to target efficiency;
- respecting the demands of our stakeholders;
- capitalising on each process and in all subsidiaries;
- ensuring ALTEN's commitment to an approach of quality and performance;
- securing our activities through our certification efforts.

The FORCES policy is given to all new employees in France in the welcome handbook and is posted in facilities.

To implement this policy the Group's General Management launched a Performance initiative based on Continuous Improvement. ALTEN's integrated QHSE management system ensures control of environmental impacts, customer satisfaction and employee safety. It complies with the guidelines:

- ISO 9001
- ISO 14001
- EN 9100

- CMMI
- MASE
- CEFRI
- ISO 27001

The Group's actions in terms of security are described in paragraphs 3.2.7 – "Health and safety in the workplace," 3.5 – "Reducing our environmental footprint", 3.4.3 – "Security of IT systems".

Measures to fight corruption

The Group's actions to prevent and fight against corruption are detailed in section 3.4.2 – "Ethics and compliance".

3.4.5.4 Assessment and control of risk with suppliers and service providers

The Purchasing Department ensures compliance with the "Responsible Purchasing Charter" within its supplier panel by systematically integrating it into specifications during calls for tenders, as well as into contracts.

ALTEN sends a CSR performance questionnaire to suppliers deemed priority following a CSR risk analysis of the sector. Suppliers' CSR performance is assessed by means of this questionnaire. The Purchasing Department may launch a

physical audit in the event that the documentation presented by the supplier is unsatisfactory (see 3.4.4.2 – "Responsible Purchasing").

3.4.5.5 Report on the plan and its implementation

The Duty of Care Plan has been rolled out and implemented in France. The Group's various international entities are implementing duty of care measures adapted to the local context. However, work to align these local policies with the FORCES policy will be initiated in 2019.

For example, the most mature countries will be organising security discussions in 2019, following the existing French model (see 3.2.7 – "Health & Security in the workplace"). In 2018, the Group's CSR scope was extended for better visibility of CSR results from various subsidiaries and to monitor CSR progress.

The plan's results concerning suppliers and subcontractors is detailed in section 3.4.4.2 – "Responsible Purchasing."

3.4.5.6 Alert procedure

Employees may use an alert system via an alert form available on the intranet in the event of non-compliance with this Plan's principles. The Group is committed to ensuring that no employee suffers negative consequences from the use of this system.

In 2018, 13 alerts were reported via the existing system and none were deemed relevant in the context of the duty

of care plan: a new system will be proposed in 2019 to all of the Group's entities as part of the principle of continuous improvement.

For more information, refer to section 3.4.2 – "Ethics and Compliance."

3.4.6 Solidarity in the regions

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

ALTEN Solidaire supports foundations and associations recognised in general interest which have a social, medical or environmental impact. Since 2017, 124 engineers, or the equivalent of 32 full-time employees, took part in a skills-based sponsorship mission in one of the 27 associations. Missions essentially address IT, operational and functional topics. Moreover, several significant actions have been carried in 2018, including:

- the "Collectes des Restos du cœur" action;
- the "Family Box" jackpot campaign, conducted with the "Tout le monde contre le cancer" (United Against Cancer) association;

- the realisation of key projects such as the "Mon Stage de 3e" project, a platform for young high school students to find their internship via a governmental platform;
- collection of toys for the Red Cross in Boulogne;
- collection of sleeping bags for the Salvation Army in Toulouse;
- participation in the "Hackathon Solidaire," organized by Big-Bloom and supported by FRENCH IMPACT to set up an application for the Unis-Cité association.

Several subsidiaries of the Group also carry out community-related initiatives:

MI-GSO formalised a partnership with the Maxi'Mômes association, focused on getting young students involved in sports or ecological activities. MI-GSO also implemented a "Running" programme, encouraging participation in races in support of charitable organisations.

In Germany, ALTEN GMBH donated €10,000 to NGOs thanks to its "Regional ALTEN" programme in which ALTEN employees themselves suggested the beneficiary charities. ALTEN Technology GMBH launched "Christmas in a Shoebox" in 2018: employees were invited to fill shoeboxes with toys, clothes or candy, which were then distributed by the Geschenke der Hoffnung organisation to disadvantaged children around the world.

In Great Britain, ALTEN LTD is raising funds this year for the McMillan Charity, which fights cancer. This association was chosen by an employee vote. Numerous events were then organised over the course of the year to raise money for the charity's benefit.

ALTEN Netherlands sponsors a cycling-solidarity event, raising funds to fight cancer.

In Italy, ALTEN organises blood donation days twice a year. In Spain, employees are invited to participate in the Walk Against Cancer and an inter-company sports challenge for the benefit of a charitable organisation.

In India, throughout 2018, ALTEN India offered employees the opportunity to participate in events for the benefit of the NGO ROOTS.

Finally, in Sweden, ALTEN sponsored Openhack, a hackathon by the NGO Engineers Without Borders with students. A partnership was signed with the OnDosis association to develop a device capable of dispensing the exact quantity of medication needed by patients. At Christmas 2018, ALTEN employees voted and decided to reinvest their gift vouchers to a project to install solar panels for an orphanage in Tanzania in order to supply it with electricity.

At the same time, since 2013, ALTEN has developed IT partnerships with groups in the world of education and vocational integration: ALTEN is restoring PCs that it no longer needs in-house and equipping them with job search applications, applications developed in-house.

Once made available to associations, this equipment will allow them, for example, to offer computer training to beneficiaries or access to computer rooms to search for jobs. Since 2013, more than 5,000 computers have been donated to some 40 organisations. In 2018, more than 200 consultants contributed to reconditioning 600 computers.

3.5 Reducing our environmental footprint

3.5.1 Our environmental challenges

The Group encourages all of its entities worldwide to employ a proactive environmental approach, using a recognised standard or baseline.

Day-to-day, the Quality and Performance Department defines the Group's environmental policy and supports subsidiaries in the identification and implementation of concrete actions in the management of buildings, control of the carbon footprint and the sustainable utilisation of natural resources. The General Resources Department is committed to implementing these policies in operational terms on all sites.

Taking into account the tertiary nature of ALTEN's Engineering and Technology Consulting activities, the Group has limited

impact on the environment. Its environmental approach is built around the following priorities:

- raising awareness of employees about eco-friendly gestures;
- reducing its greenhouse gas emissions;
- using natural resources in a reasonable manner and reducing waste.

Recognising that its activities and the sectors in which the Group operates confer upon it an indirect environmental responsibility with its clients, ALTEN is committed to developing innovated and sustainable solutions (see section 3.3 – "Sustainable innovation").

3.5.2 Our organisation for environmental management

The Group's environmental management system relies upon an environmental risk analysis and a continuous improvement approach.

In France and internationally, several entities have launched pro-active efforts to certify their environmental management system. This is the case at ALTEN Spain, ALTEN GMBH in Germany, ALTEN Sweden, ALTEN SA, ALTEN SO and

ALTEN SIR in France, which were certified ISO 14 001 in recent years.

On the CSR scope, 22.5% of floor space was thus certified ISO 14 001 at 31 December 2018. The Group conducts an environmental report on a larger scope than the certified scope.

3.5.3 Raising the awareness of employees

To involve all employees, ALTEN shares sustainable development highlights through communication campaigns. In France, awareness campaigns, activities and trainings, in particular those developed as part of the ISO 14 001 certification process, are organised regularly to promote eco-friendly gestures and facilitate their adoption. A "Life Charter" posted in all common areas and meeting rooms, along with a dedicated e-learning module, reminds people of best daily practices when it comes to respecting others and the environment.

Several initiatives were also deployed in countries:

- In Germany, ALTEN Technology GMBH raises employee awareness during meetings dedicated to environmental

At ALTEN GMBH, an e-learning module on the Company's environmental management system is mandatory for all employees. They are also reminded about recommendations and eco-friendly behaviour on dedicated postings or the intranet;

- In Spain, ALTEN Spain employees are informed and trained several times a year in the best practices to be adopted on a variety of topics: reducing consumption, sorting waste, environmental management, etc;
- In India, onboarding of new hires includes a compulsory session on raising awareness on the environment and our 3R policy (Reduce, Recycle, Reuse). Awareness-raising via posters is also carried out for food waste and paper sorting.

- ALTEN India takes part in the Earth Hour event by turning off all lights to raise awareness about energy saving;
- In Morocco, ALTEN encourages its employees to share environmental best practices as part of the “Super CSR” programme;
 - In the Netherlands, employees are made aware of sustainable development actions implemented by ALTEN every two months.

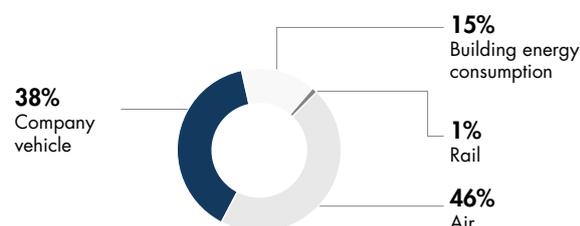
3.5.4 Reducing our greenhouse gas emissions

3.5.4.1 Breakdown of our greenhouse gas emissions

ALTEN completed a Bilan Carbone® (carbon footprint assessment) of its activities in 2016 on all of its entities in France. The Group’s commitment goes beyond the regulatory requirements to which it is bound by including international entities in the carbon footprint assessment and by measuring emissions related to three greenhouse gas emission scopes defined by the GHG Protocol:

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

In 2018 on the CSR scope, the Group’s CO₂ emissions related to energy consumption of buildings, business travel and distance travelled by company cars broke down as follows:



Electricity and natural gas are the two main energy sources used by ALTEN sites.

In 2018, energy consumption at ALTEN sites within the CSR scope⁸ amounted to 13,175 MWh, or an average of 120 kWh per m².

	Gross consumption 2018	Consumption per m ² - 2018
France	6 109 MWh	113 kWh / m ²
International	7 066 MWh	126 kWh / m ²
TOTAL	13 175 MWh	120 kWh / m²

Energy consumption for data centres used by ALTEN SA in France in 2018 amounted to 397 MWh, equal to 6% of the consumption of buildings in France, illustrating the need for the Group’s action plan to be focused on:

- the search for energy efficiency in buildings;
- reduction of our energy consumption;
- improvement in vehicle fleet performance and travel policy;
- encouraging alternatives to travel;
- reduction in paper consumption through dematerialization.

ALTEN’s approach to combatting climate change received an A- rating by the CDP, thus rewarding the Group’s efforts to reduce greenhouse gas emissions.

3.5.4.2 Promoting renewable energy solutions

The Group promotes the use of renewable energies. In 2018 in France, the Group renewed its supply of 100% renewable-sourced electricity for the next three years, for all of its sites where the contracted power exceeds 36kVA. Accordingly, 66% of energy consumed in France comes from renewable sources.

In Germany, electricity usage from renewable sources is widespread at ALTEN GMBH's primary sites.

In Spain, nearly a quarter of its energy comes from renewable sources. This year, ALTEN Spain organised an awareness campaign to promote renewable energy.

In India, 22% of energy consumption comes from renewable energy, largely from wind power.

In Italy, 35% of electricity comes from renewable energy.

3.5.4.3 Encouraging energy efficiency in buildings

ALTEN has seen strong growth in the area occupied given the change in offerings towards services realised at ALTEN facilities and the Group's growth.

In France, the Group's real estate strategy aims at implementing regional areas of activities while modernising its real estate holdings. The Group works with developers, architects and builders, from the design stage, allowing it to guarantee an environmental approach to buildings. The five buildings recently integrated into the real estate portfolio feature BREAM Very Good Certification, or regional labels such as the BBCA Label (Low Carbon Building), BDM Label (Sustainable Mediterranean Buildings), RT 2012 – 10%, Ready to OSOZ, E+/C- labelling and BBC-Effnergie 2017.

The decision to use buildings that are energy efficient and environmentally-friendly is made in a large number of countries where the ALTEN Group operates. In 2018, 18% of its buildings were certified to BBC (Low-Consumption Building) and/or HQE (High Environmental Quality) in France.

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

In the Netherlands and in India, for example, offices are equipped with LED lighting, which reduces CO₂ emissions. In Italy, work was also done to install LED lighting in offices.

The ALTEN GMBH site in Ulm was designed so that the building's energy needs represent only about half of those of a similar new structure. This new structure also uses a passive heating system, with heat generated by equipment and people on site, in addition to solar energy. On its Nuremberg site, the heat supply for offices comes from a biomass cogeneration plant supplied by wood from a local forest.

3.5.4.4 Minimising the impact of IT installations

In France, ALTEN secures its infrastructures by implanting two physically separate data centres, making it possible to ensure maximum availability of its services. For its data centres, ALTEN relies upon a supplier committed to environmental, social, ethical and responsible efforts. CSR certifications and ratings for this partner exist, which prove its commitment to this vision. In the future, ALTEN hopes to extend this policy

across the Group's sites, by reducing the volume of active hardware.

ALTEN can now consume computing power on demand, to suit its needs at any given moment. Resources are pooled, streamlined and optimised by these data centres, thus reducing ALTEN's environmental footprint whilst guaranteeing high-security systems that are available 24/7.

⁸ Excluding Belgium, Finland, China and the USA and excluding data centers

IT energy is produced, among other ways, on so-called hyper-converged hardware. This technology has reduced the hardware installed in the branches and in Europe, by pooling and optimising needs in new-generation data centres (Tier 4 + ISO 14001).

In the Netherlands, ALTEN's servers are hosted in ecological data centres using liquid and natural convection technology for the cooling systems. This systems allows us to reduce the energy footprint by 50%.

In order to limit the quantity of data stored on the networks, ALTEN makes digital tools available to employees, such as Skype for Business and Sharepoint. To promote their use, a guide and on-line training modules are available to employees.

Simultaneously, the energy consumption of non-productive systems was examined and optimised.

Faced with the increase in stored data, ALTEN hopes to lead a project to optimise archiving in 2019.

Finally, ALTEN's choice is focused on energy-saving IT hardware: thus, in France, 100% of computers and screens are Energy Star certified for employees of support functions and sales teams.

3.5.4.5 Favouring sustainable mobility

Emissions reported in 2018 show that travel represented more than 80% of greenhouse gas emissions calculated by ALTEN. ALTEN is particularly watchful in this respect and proposes innovative alternatives to company teams.

Since 2011, in France ALTEN has deployed a solution that makes audio and web conferences possible from each computer in a secure and interactive fashion. This application avoids employees having to travel to meetings with interlocutors located far away. This solution has now been deployed for employees in the following eight countries: France, Belgium, Germany, Italy, Sweden, Spain, Romania and India.

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

Since 2014, ALTEN has tightened its "Car Plan" requirements governing the characteristics of company cars that make up the Group's vehicle fleet. The list of referenced vehicles is restricted to some fifteen models emitting less than 120 grams of CO₂ per km. Four hybrid vehicles are now also available. As of the end of December 2018, the average CO₂ emission for the Group's

vehicle fleet in France was 110 grams of CO₂ per km, and 46% of vehicles were below the 110 of CO₂ per km.

In 2019, ALTEN will study the possibilities of introducing electrical recharging stations at all of its sites in order to encourage migration to "Zero Emission Engine" vehicles. In France, ALTEN already uses two electric service vehicles and foresees doubling the number in 2019.

The 2019 "Car Plan" will offer a catalogue of vehicles comprised exclusively of petrol, hybrid or electric vehicles, expanded to eight European countries: France, Belgium, Germany, the Netherlands, Italy, Sweden, Spain, Switzerland. So as to contribute to reducing carbon monoxide emissions, diesel engine vehicles are no longer being offered; the list of vehicles is restricted to only level 0 Crit'Air tags ("Zero emission engine" vehicles) or level 1 (petrol vehicles meeting EURO5 or EURO6 standards).

Simultaneously, ALTEN hopes to identify locations conducive to introducing electric car-sharing vehicles, in order to reduce the Group's CO₂ emissions even further.

In France, all ALTEN employees have access to an e-learning module on the fundamentals of ecofriendly driving. Under the new Car Plan, members are also required to take part in training for EcoDriving or the Prevention of driving risks within 12 months from joining the scheme.

In several countries, initiatives favouring sustainable mobility have been rolled out:

- In the UK, ALTEN LTD introduced assistance to purchase a bike and encourages employees to exercise while biking to work;
- ALTEN GMBH regularly promotes awareness among employees of healthier lifestyles by encouraging, for example, using a bike instead of a car for daily trips. Since 2016, ALTEN GMBH has participated in the "With Bicycle to Work" campaign.
- ALTEN Italy developed a partnership with transport companies to promote the use of public transit by employees;
- In the Netherlands, recharging stations for electric cars are available next to all ALTEN buildings;
- In Belgium, electric and hybrid vehicles are offered in the catalogue of company cars. A mobility allowance may be offered as a substitute for a company car, and a financial incentive aimed at promoting use of electric bikes was established.

3.5.5 Using natural resources in a reasonable manner and reducing waste

3.5.5.1 Reducing our paper consumption

ALTEN uses paper essentially for purposes of office work and communication. In 2018, the Group's internal consumption came to 47 metric tonnes, i.e. an average of 5.2 kg per employee.

In order to limit paper consumption, ALTEN is working to dematerialise documents:

- In 2018 in France, 93% of employees received their pay slips in a digital safe, compared to 91% in 2017. The project to dematerialise invoices continues to roll out with the goal of increasing the number of clients using the solution.
- ALTEN expects to continue its programme of dematerialisation in 2019 in order to digitalise processes requiring large numbers of copies. A project is under review concerning the demands of business travel.

In France, ALTEN continued simplification of its printer inventory, by eliminating individual printers: nearly 20% of individual printers were eliminated from the inventory in 2018. Printers are all linked to a system of printing using personal tags, which should eliminate meaningless, mistaken or neglected printing. They are configured by default in black and white and double-sided printing and help raise employee

awareness via communication of environmental indicators (CO₂, water, energy) related to the environmental impact of each printed copy.

In summary, in France, our paper consumption per employee decreased by 7% in comparison to 2017.

MI-GSO adopted a policy of zero paper, which relies on dematerialised solutions such as digitalisation of documents and electronic signatures. Training employees in good practices and digital tools is also used to make the effort more widespread.

ALTEN is looking to consume less, but also to consume better: in purchasing, the Group favours recycled paper and/or eco-friendly labelled paper. Thus, 96% of paper used in France in 2018 was recycled and/or certified.

At ALTEN GMBH in Germany and ALTEN Netherlands, this rate reached 100%.

3.5.5.2 Reducing and sorting waste

At the same time, the Group pays special attention to the end-of-life of waste paper.

As a result, a sorting and recycling system has been introduced in France and in many of the Group's facilities, particularly in Sweden, Italy, Belgium, the Netherlands and Spain, with 70% of sites covered over all of the CSR scope.

In the Netherlands, at ALTEN India and Anotech Energy, mugs were distributed to all employees to reduce their consumption of plastic bottles.

Waste from electric and electronic equipment (D3E), waste batteries and waste ink cartridges produced by the Group are monitored very closely. In 2018, 2.8 metric tonnes of waste from ALTEN and the Group's solutions in France were collected by a provider specialising in the processing of this type of waste; and 7.7 metric tonnes in the CSR scope.

ALTEN gives obsolete computers in its inventory a second life thanks to an internal reconditioning programme: see section 3.4.6 – "Solidarity in the Regions".

3.5.6 Biodiversity

Biodiversity is not a major issue at Group level because its activity is uniquely the provision of intellectual services.

In the context of the Group's responsible purchasing efforts, special attention is paid to the environmental certification of office supplies and equipment in order to limit their impact on biodiversity:

In France, FSC, PEFC or NF Environnement certification is required of all purchases of office desks. FSC, PEFC, European Ecolabel, NF Environnement or 100% recycled paper is required for all paper purchases and European Ecolabel is required for all cleaning products.

ALTEN Technology GMBH uses suppliers working with products that come from organic agriculture and suppliers possessing environmental certification for cleaning services and suppliers of ecological furniture.

In order to make employees aware of biodiversity and climate change, ALTEN has installed beehives on one of its Boulonnais sites as well as a nesting box for wild pollinators.

In 2018, workshops to raise awareness were organised for employees: a workshop on extracting honey and an activity to promote awareness of biodiversity with a honey tasting event were offered.

In Morocco, a nursery was created by employees, who themselves take care of planting and maintaining trees.

In 2019, ALTEN will continue to raise awareness with its employees on the subject of biodiversity by offering new activities.

Note on methodology

Temporal and geographic scopes

- The data used for the calculation of the various indicators was from 1 January 2018 to 31 December 2018.
- The CSR scope in this report covers ALTEN's legal entities and its solutions located
 - In France: ALTEN SA, ALTEN SO, Atexis, APTECH, ID APPS, MIGSO, ALTEN SIR, ALTEN TECHNOLOGIES, Aixial, Lincoln SAS, Elitys Consulting, Avenir Conseil Formation, Aixial Development, CADUCEUM, Pegase, IMACP and Anotech Energy.
 - As well as the international entities: ALTEN Portugal, ALTEN Sweden, ALTEN Spain, ALTEN Italy, ALTEN Belgium, ALTEN Netherlands, ALTEN Finland, ALTEN GMBH, ALTEN SW GMBH, ALTEN Technology GMBH, Anotech Energy Global Solutions LTD, ALTEN LTD, Clover Global Solutions LP, Anotech Energy USA INC, Orion Engineering, ALTEN Delivery Center Morocco, ALTEN India Private LTD, ALTEN Calsoft LABS Private LTD, ALTEN China, and Anotech Energy Services LTD.

In France, the Abilène Company was absorbed by Lincoln SAS at the end of 2017 with retroactive accounting/tax effect to 1 January 2017 and is not included in the 2018 reporting. The Aixial Development Company is included in the 2018 reporting.

Internationally, the companies ALTEN Portugal, ALTEN Finland, Orion Engineering, Anotech Energy Global Solutions LTD, Anotech Energy Services LTD, ALTEN LTD, Clover Global Solutions LP, Anotech Energy USA INC, ALTEN China LTD and ALTEN Delivery Center Morocco were included in the 2018 reporting.

Rate of coverage

- The performance indicators reported for France and internationally concern: a headcount representing 78% of the Group's total headcount and 77.8% of revenues at the 31 December 2018.
- More specifically, for the French entities, these indicators refer to the entire headcount of ALTEN Group entities in question (ALTEN and solutions), and to the entire floor space occupied by one or more ALTEN Group entities in France. For international entities, they refer to the number of employees and floor space occupied by each ALTEN entity integrated to the reporting.

Guidelines

- The performance indicators and the text of this report were prepared in compliance with the requirements of Article 225 of the French Commercial Code. The G4 Global Reporting Initiative guidelines and recommendations have also been taken into account.
- The guidelines for calculating and establishing performance indicators are available upon request by email: alten.csr@alten.fr

Exceptions and limitations

The ALTEN Group has set up an internal reporting tool proposed to all entities in the CSR perimeter. This tool enables the local reporting of social, environmental and societal information, which is then consolidated by the Group.

The ALTEN Group strives to increase the scope of its reporting each year by integrating new entities.

Origin and compilation of the data

Employee-related indicators

- The data relating to the headcount, nationalities represented in the Company, hiring and terminations, work-study placements, total payroll, compensation, employee turnover, work schedules, and frequency and severity of work accidents were taken from the employee-related reports and the payroll software of the ALTEN Group companies in France and the international entities reported. The data relating to annual performance reviews, training and internal mobility were taken from the reports from departments in charge of those matters in the Group's various entities.
- The data relating to the headcount, nationalities represented in the Company, hiring and terminations, work-study placements, total payroll, compensation, employee turnover, work schedules, and frequency and severity of work accidents were taken from the employee-related reports and the payroll software of the ALTEN Group companies in France and the international entities reported. The data relating to annual performance reviews, training and internal mobility were taken from the reports from departments in charge of those matters in the Group's various entities.

- Note that the total number of training hours and the number of employees trained take account of training undertaken by apprentices and employees on vocational training contracts.
- Turnover is calculated according to the following definition: $(\text{Departures} / ((\text{Workforce N-1} + \text{Workforce N}) / 2))$. Departures taken into account exclude trial periods, mobility and other reasons.

Environmental indicators

- Data related to floor space is taken from the lease documents. Data is collected and then consolidated annually per building. It is then split according to the floor space occupied by each legal entity of the within the CSR scope of the report in the said buildings.
- Note that the indicators bearing on the Atexis leasehold buildings (three sites in France) are confined to their energy consumption.
- Data relating to consumables and energy is taken from the invoices and statements provided by suppliers and service providers.
- Paper consumption excludes Atexis' leased buildings in France, Sweden, Finland and China.
- Consumption of cups excludes Atexis' leased buildings in France, the Netherlands, Finland, Germany, the USA, China and the United Kingdom.
- In France, data related to energy consumption of common areas was estimated at 10% of consumption of areas occupied by ALTEN when ALTEN was not the tenant of the entire building and when data was not available.
- In France, energy consumption indicators were divided by the number of weighted square metres. Internationally, the actual m² at 31 December 2018 were used when information on the number of weighted m² was not available. In France and internationally, the indicators for consumables were divided by the number of employees present on site as of 31 December 2018.
- Belgium, Finland, China and entities located in the USA are excluded from energy consumption data of buildings.
- Annual mileage recorded by company cars has been estimated on the basis of the average mileage per month or per year, according to data available from providers. International data related to km driven by company vehicles excludes Sweden, Spain, China and India.
- Data on travel by train covers the following entities: ALTEN SA, ALTEN SO, ALTEN TECHNOLOGIES, APTECH, ID APPS, Anotech Energy, Avenir Conseil Formation, Elitys Consulting, Aixial, MI-GSO and ALTEN SIR, and the following international entities: ALTEN LTD, ALTEN Spain, ALTEN Belgium, ALTEN Technology GMBH, Anotech Energy Global Solutions LTD, Anotech Energy Services LTD, ALTEN Italy, ALTEN Sweden, ALTEN SW GMBH and ALTEN GMBH. Portugal, Finland, India, China, Morocco, the USA and the Netherlands are excluded.
- Data for travel by air covers the following entities: ALTEN SA, ALTEN SO, ALTEN TECHNOLOGIES, APTECH, Anotech Energy, Pegase, Avenir Conseil Formation, Elitys Consulting, Aixial, MI-GSO, ALTEN SIR, as well as the international entities: ALTEN LTD, Anotech Energy Services LTD, ALTEN Spain, ALTEN Belgium, ALTEN Italy, ALTEN Technology GMBH, Anotech Energy Global Solutions LTD, ALTEN GMBH, ALTEN SW GMBH, ALTEN Portugal, Clover Global Solutions LP and Anotech Energy USA INC. Sweden, Finland, India, China, Morocco, the USA and the Netherlands are excluded.
- Emission factors related to transports were updated between 2017 and 2018. Since 2018 emission factors related to kilometres driven for transport appear to be more reliable than those of 2017, we decided to recalculate the CO₂ emissions for 2017 based on new emission factors.
- The CO₂ emissions from the buildings energy consumption and the travels were calculated from raw data (kWh, km) through the corresponding emission factors of the Bilan Carbone® V7.6 method. The calculation methodology was updated: CO₂ emissions related to electrical consumption from renewable energies were considered to be nil. Emissions of CO₂ related to electrical consumption for 2017 were recalculated using this new methodology.

NON-FINANCIAL PERFORMANCE STATEMENT

- The electronic wastes data include entities in France, Sweden, Spain, Italy, India, the Netherlands, Germany and the USA.

Societal indicators:

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

Comparability:

The CSR perimeter was expanded between 2017 and 2018. This change does not always make it possible to compare indicators from one year to the next.

Our social performance indicators at 31 december 2018

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2018	FRANCE 2017	GROUP CSR SCOPE 2018
HEADCOUNT AND DIVERSITY					
SOC 1	Total headcount as of 31/12/2018	Actual number of employees	13,001	11,747	26,310
SOC 2	Breakdown of employees by gender	% men	71%	73%	74%
		% women	29%	27%	26%
SOC 3	Breakdown of workforce by age grouping	% of employees under 25 years old	14%	13%	11%
		% of employees between 25 and 35 years old	64%	62%	60%
		% of employees between 35 and 45 years old	17%	18%	20%
		% of employees over 45 years old	6%	6%	9%
		% of employees who are engineers	87%	88%	86%
SOC 5	Breakdown of headcount by type of job	% of employees who are managers	5%	4%	6%
		% of employees who are support staff	8%	8%	8%
SOC 6	Number of unique nationalities represented	Number of unique nationalities	91	83	108
HIRES AND DEPARTURES					
SOC 7	Total number of hires	Number of hires	6,538	5,864	13,985
	Employees recruited on permanent contracts	Number of hires	6,210	5,513	11,771
	incl. number of permanent hires under 25 years of age	Number of hires	1,930	1,729	2,661
	Employees recruited on fixed-term contracts	Number of hires	200	219	2,086
	Number of hires on apprenticeship or vocational training contracts	Number of hires	128	132	128
SOC 8	Total number of terminations	Number of terminations	5,274	5,053	10,532
	Number of departures from permanent contracts	Number of terminations	5,007	4,816	8,776
	of which resignations	Number of terminations	2,863	2,675	6,180
	of which redundancies	Number of terminations	168	260	339
	Number of departures from fixed-term contracts	Number of terminations	174	172	1,663
SOC 17	Net jobs created	Number of jobs created	1,264	811	3,453
TYPE OF EMPLOYMENT CONTRACT					
SOC 18	Breakdown of headcount by type of contract	% of permanent employees	98.1%	98.1%	91%
		% of temporary employees	0.6%	0.6%	9%
		% of employees on apprenticeship or vocational training contracts	1.4%	1.3%	nc
RÉMUNÉRATIONS					
SOC 19	Average annual remuneration by position	in € managers	40,432	38,388	nc
		in € non-managers	26,857	26,381	nc
MANAGEMENT					
SOC 21	% of employees having had an annual performance appraisal	% of employees	86%	88%	69%
SOC 22	Average rate of absenteeism (for sickness, work- or commute-related accident)	%	1.65%	1.67%	2.01%
SOC 23	ALTEN employee turnover	%	24.18%	25.96%	27.89%
ORGANISATION OF WORKING TIME					
SOC 24	Percentage of employees working full-time	% of employees	98%	98%	98%
SOC 25	Percentage of employees working part-time	% of employees	2%	2%	2%
EMPLOYEE RELATIONS					
SOC 26	% of employees covered by a collective agreement	% de collaborateurs	100%	100%	nc
TRAINING					
SOC 27	Training expenditures	euros	12,670,524	11,754,368	14,601,685
SOC 28	Training expenditure as a % of payroll	%	2.61%	2.76%	1.54%
SOC 29	Training expenditure as a % of revenue	%	1.3%	1.3%	0.83%
SOC 30	Total number of training hours	hours	177,077	128,377	275,730
SOC 31.a	Percentage of people receiving training during the year, by gender	% of men having received training	41%	37%	36%
		% of women having received training	44%	39%	40%
SOC 31.b	Percentage of employees trained during the year	% of employees	41.8%	38%	39.5%
SOC 33	Number of e-learning courses taken	no.	26,463	6,615	31,510

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2018	FRANCE 2017	GROUP CSR SCOPE 2018
WORK AND SAFETY CONDITIONS					
SOC 34	Frequency rate of work-related accidents with time off	rate	3.25	4.15	3.22
SOC 35	Severity rate of work-related accidents rate	rate	0.07	0.05	0.05
SOC 36	Number of hours of safety training	hours	21,094	17,529	36,568
SOC 38	Number of work-related illnesses reported	no.	0	0	5

Our societal performance indicators at 31 december 2018

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2018	FRANCE 2017	GROUP CSR SCOPE 2018
Societal 3	Percentage of women on the Board of Directors	%	50%	55%	50%
RELATIONS WITH EXTERNAL STAKEHOLDERS					
Societal 1	Number of partnerships for the promotion of engineering occupations (CNJE; Elles Bougent; etc.)	Number of partnerships	20	27	48
Societal 5	Total number of partnerships forged with higher education institutions in the current year	no.	30	26	173
Societal 4	Total number of partnerships forged with NGOs or similar associations in the current year	no.	26	10	51
Societal 7	Number of man-days of skills sponsorship	days	4,610	nc	4,646

Our environmental performance indicators at 31 december 2018

ALTEN INDICATOR NO.	INDICATOR	UNITS	FRANCE 2018	FRANCE 2017	GROUP CSR SCOPE 2018
CONSUMPTION OF NATURAL RESOURCES					
Enviro 4	Quantity of paper used per employee	kg/emp	6.94	7.48	5.2
	Total quantity of paper used	kg	28,410	26,110	47,000
Enviro 5	% of paper recycled or certified	%	96%	97%	84%
Enviro 6	Quantity of drinking cups per on-site employee	number of cups/emp	407	321	268
Enviro 8.a	Total energy consumption	MWh	6,109	6,012	13,175
Enviro 8.b	Total energy consumption per sq.m.	kWh/m ² /year	113	129	120
Enviro 1	CO ₂ emissions linked to buildings' energy consumption	kg CO ₂ eq.	117,000	191,000	2,636,100
BUSINESS TRAVEL					
Enviro 14	Number of kg of CO ₂ eq. for business travel by train per employee	kg CO ₂ eq./emp	1.33	1.62	10.95
Enviro 16	Number of kg of CO ₂ eq. for business travel by plane per employee	kg CO ₂ eq./emp	420	373	421
Enviro 21	Average CO ₂ emissions per km from company vehicle fleet	g CO ₂ /km	108	108	110
Enviro 23a	Number of kg CO ₂ eq. from kilometres driven by company vehicles	kg CO ₂ eq.	453,000	306,500	6,936,100
EXTERNAL CERTIFICATIONS AND ASSESSMENTS					
Enviro 10	% of occupied sq.m. that is certified (BBC, HQE)	%	18%	23%	12%
Enviro 18	EcoVadis score out of 100	Note	78/100	74/100	78/100
WASTE					
Enviro 25	Total quantity of electronic waste removed by an external company	metric tons	2.8	5	7.7
Enviro 11	% of sites covered by a waste sorting scheme	%	89%	95%	70%
Enviro 26	Total quantity of CO ₂ emissions	kg CO ₂ eq.	5,657,300	4,456,400	18,008,000

NB: The 2017 and 2018 indicators are not always comparable, due to changes in scope

nc = not consolidated

Compliance Matrix

ARTICLE 225 - GRENELLE 2 DECREE NO. 2017-1265 DATED 9 AUGUST 2017	PRINCIPLES OF THE GLOBAL COMPACT	GRI	ISO 26 000	CHAPTER 3 - 2018 REGISTRATION DOCUMENT	SDG
EMPLOYEE-RELATED INFORMATION					
EMPLOYMENT					
Total workforce and breakdown of employees by gender, age and geographical region		G4-9, G4-10, LA1, LA12	*6.4.4	3.2.2	SDG 5
Recruitments and redundancies		EC6, LA1		3.2.2	
Remuneration and remuneration increases		G4-51, G4-52, G4-53, G4-55, EC1, EC5		3.2.4.3 Part of Annual Report - Sections 17.3 and 17.5	
WORK ORGANISATION					
Organisation of working time			*6.4.4	3.2.7	
Absenteeism		LA6		3.2.7	
HEALTH & SAFETY					
Occupational health and safety conditions	4. Elimination of all forms of forced or compulsory labour	LA5	*6.4.6	3.2.7	SDG 3 SDG 8
Work-related accidents, particularly their frequency and severity, together with occupational illnesses	5. Effective abolition of child labour	LA6/LA7		3.2.7	
EMPLOYEE RELATIONS					
Organisation of dialogue with employees, such as procedures for informing, consulting and negotiating with employees	3. Respect for freedom of association and recognition of the right to collective bargaining	LA4	*6.4.3 *6.4.5	3.2.4.2 Part of Annual Report - Section 17.5	SDG 8 SDG 16
List of collective agreements, including health and safety at work		LA8		3.2.4.2 Part of Annual Report - Section 17.4	
TRAINING					
Policies implemented regarding training, including environmental protection	8. Promoting greater responsibility in environmental matters	LA10, LA11, G4-43	*6.4.7	3.5.3 et 3.2.5.3	SDG 4
Total number of training hours		LA9, HR2		3.2.5.3	
EQUAL TREATMENT					
Measures taken to promote gender equality		LA3, LA12, LA13		3.2.6.4	SDG 5 SDG 10
Measures taken to promote the employment and integration of disabled persons	6. The elimination of discrimination in respect of employment and occupation	LA12	*6.3.10 *6.3.7	3.2.6.2 Part of Annual Report - Section 17.5	
The anti-discrimination policy		LA12, HR3		3.2.6	
ENVIRONMENTAL INFORMATION					
GENERAL POLICY IN ENVIRONMENTAL MATTERS					
The company's organisational structure for taking into account environmental issues and, where applicable, environmental assessment and certification procedures		G4-1		3.5.2	SDG 12 SDG 13
Resources devoted to prevention of environmental risks and pollution	7. Taking a conservative approach to dealing with environmental matters 8. Promoting greater responsibility in environmental matters	EN30, EN31	*6.5.2.1 *6.5.2.2	3.5.3, 3.5.4, 3.5.5, 3.5.6	
The amount of accounting provisions and guarantees for environmental risks, provided that this information is not likely to cause the company serious prejudice in an ongoing lawsuit	9. Developing and disseminating environmentally friendly technologies	EC2		ALLEN has no reserves or guarantees for environmental risks in France. The environmental management (ISO 14 001 certified) that we apply to buildings reduces environmental hazards.	
POLLUTION					
Measures to prevent, reduce and compensate for emissions into the atmosphere, soil and water that severely affect the environment		EN10, EN20, EN21, EN22, EN24, EN26		3.5.3, 3.5.4, 3.5.5, 3.5.6	SDG 12
Taking into account any form of specific pollution related to an activity, including noise and light pollution	7. Taking a conservative approach to dealing with environmental matters 8. Promoting greater responsibility in environmental matters 9. Developing and disseminating environmentally friendly technologies	EN 24	*6.5.3	ALLEN provides intellectual services. By nature, such activities have limited impact on the environment, generate little pollution and do not cause noise pollution. However, measures are taken to ensure the smooth integration of buildings in residential areas into their neighbourhoods (BBC/HQE, ISO 14 001, etc.).	
CIRCULAR ECONOMY					
Waste management and prevention					
Measures to prevent, recycle, reuse, other upgrade and eliminate waste		EN23, EN24, EN25, EN28	*6.5.3	3.5.5.1, 3.5.5.2 3.3.2	SDG 7 SDG 12
Fight against food wastage initiatives				Taking into account the tertiary nature of ALLEN's Engineering and Technology Consulting activities, the fight against food wastage is not significant.	
Sustainable use of resources	7. Taking a conservative approach to dealing with environmental matters 8. Promoting greater responsibility in environmental matters 9. Developing and disseminating environmentally friendly technologies	EN8, EN9		Taking into account the tertiary nature of ALLEN's Engineering and Technology Consulting activities, the Group's water consumption is not significant.	
Consumption and supply of water in accordance with local constraints		EN1, EN2	*6.5.4	3.5.5	
Consumption of raw materials and measures taken to use them more efficiently		EN3, EN4, EN6, EN7		3.5.4.2 3.5.4.3	
Energy consumption, measures taken to improve energy efficiency and use of renewable energy				Given ALLEN's services business of Engineering and Technology Consulting, the Group has no activity that involves land use.	
Land use		EN11			

ARTICLE 225 - GRENELLE 2 DECREE NO. 2017-1265 DATED 9 AUGUST 2017	PRINCIPLES OF THE GLOBAL COMPACT	GRI	ISO 26 000	CHAPTER 3 - 2018 REGISTRATION DOCUMENT	SDG
CLIMATE CHANGE					
Significant greenhouse gas emission caused by society activity, especially by using goods and services produced		EN3, EN4, EN6, EN7, EN15, EN16, EN17, EN18, EN19,	*6.5.4 *6.5.5	3.5.4.1	
Measures to adapt to the consequences of climate change	7. Taking a conservative approach to dealing with environmental matters 8. Promoting greater responsibility in environmental matters 9. Developing and disseminating environmentally friendly technologies	EN15, EN16, EN17, EN18, EN19,	*6.5.5	3.5.4 3.3.2	SDG 11 SDG 12 SDG 9
Targets to voluntarily reduce in the medium and long term the greenhouse gas emissions and the means implemented for this purpose			*6.5.5		
PROTECTION OF BIODIVERSITY: MEASURES TAKEN TO PRESERVE OR RESTORE BIODIVERSITY					
		EN11, EN12, EN13, EN14, EN26	*6.5.6	3.5.6	
SOCIETAL INFORMATION					
SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT					
The impact of the company's activity on employment and local development		EC6, EC7, EC8, EC9, SO1	*6.8.5 *6.8.7 *6.8.8	3.2.2 3.2.3	
The impact of the company's activity on neighbouring or local populations		EC6, EC7, EC8, EC9, HR8, SO1, SO2		ALLEN is present in employment hotspots and is located close to its customers. Its impact on neighbouring and local populations is thus limited and not significant.	SDG 1 SDG 8 SDG 17
Relationships with stakeholders and how is the dialogue with them	3. Respect for freedom of association and recognition of the right to collective bargaining	G4-26, G4-37	*5.3.3 *6.8.9	3.1.2, 3.1.3 3.2.4.2, 3.4.4	
Partnership or sponsorship actions		EC7		3.2.3.2, 3.2.6.2 3.2.6.4, 3.4.6	
SUB-CONTRACTING AND SUPPLIERS					
Taking social and environmental issues into account in the purchasing policy	1. Promoting and respecting international human rights law protection in the sphere of influence 2. Guarding against complicity in human rights violations	LA14, LA15, EN33, HR5, HR9, HR11	*6.6.6	3.4.4.2 3.4.5.1.3 3.4.5.3	
Taking into account in relationships with suppliers and subcontractors their social and environmental responsibility	8. Promoting greater responsibility in environmental matters	LA14, LA15, G4-12, EN32, EN33, HR5, HR9, HR11, SO9, SO10		3.4.4.2 3.4.5.1 3.4.5.3 Partie Rapport Annual - Chap. 17.5.9	SDG 8 SDG 12
FAIR PRACTICES: MEASURES TAKEN TO PROMOTE CONSUMER HEALTH AND SAFETY					
Measures taken to promote consumer health and safety		EN27, PR1, PR2, PR3, PR4, PR6, PR7, PR8, PR9	*6.7.4	Taking into account the tertiary nature of ALLEN's Engineering and Technology Consulting activities, the Group has no activity affecting consumer health and safety.	SDG 3
OTHER INFORMATIONS					
INFORMATION ON THE FIGHT AGAINST CORRUPTION					
Actions taken to prevent corruption	10. Acting against corruption in all its forms, including extortion of funds and bribery	G4-56, G4-58, SO3, SO4, SO5	*6.6.3 *6.7.4	3.4.2.1, 3.4.2.3 3.4.5.1, 3.4.5.2 3.4.5.2.5	SDG 16
INFORMATION IN RELATION TO HUMAN RIGHTS ACTIONS					
Promotion of and compliance with the stipulations of the core conventions of the International Labour Organization on:					
respect for freedom of association and recognition of the right to collective bargaining	3. Respect for freedom of association and recognition of the right to collective bargaining	HR4, LA13, LA14	*6.3.10	3.2.4.2	
the elimination of discrimination in respect of employment and occupation	6. The elimination of discrimination in respect of employment and occupation	LA12, HR3	*6.3.10 *6.3.7	3.2.6	SDG 8 SDG 17
the elimination of all forms of forced or compulsory labour	4. Elimination of all forms of forced or compulsory labour	HR6	*6.3.10	3.4.5.1 3.4.5.3	
effective abolition of child labour	5. Effective abolition of child labour	HR6			
Other actions taken to promote Human Rights	1. Promoting and respecting international Human Rights law protection in the sphere of influence 2. Guarding against complicity in Human Rights violations 10. Acting against corruption in all its forms, including extortion of funds and bribery	HR1, HR2, HR7, HR8, HR9, HR10, HR11, HR12	*6.3.10	3.4.2.3 3.4.4.2 3.4.5.1	SDG 16

Correlation table: Non-financial Performance Statement

ARTICLE 225-105 OF THE FRENCH COMMERCIAL CODE	2018 REGISTRATION DOCUMENT
Presentation of the business model	See Introduction – "The benefits of development"
Description of the main risks	See 3.1.4 – "Main non-financial risks"
Description of policies put in place to prevent, identify and mitigate the occurrence of risks	See 3.2 – "Career-accelerating employer," 3.3 "Sustainable innovation," 3.4 – "Ethics and Human Rights" and 3.5 – "Reducing our environmental footprint." Taking into account the tertiary nature of ALLEN's Engineering and Technology Consulting activities, the Group has no activities that harm the well-being of animals or related to respect for equitable, responsible and sustainable food resources.
Key performance indicators	Societal Performance Indicators

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the Group management report

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

ALTEN

For the year ended 31st December 2018

To the Shareholders,

In our capacity as Statutory Auditor, appointed as an independent third party, of ALTEN and accredited by COFRAC under number n°3-1080, we hereby report to you on the consolidated non-financial statement for the year ended 31st December 2018 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Executive Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance

indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III;
- we verified that the Statement presents the business model and the key risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;

- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes¹ that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities² and covers between 28% and 73% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important³;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

¹ **Social quantitative information:** total headcount and breakdown by gender, contract and professional category; hiring; departures; number of worked days; number of lost days; number of hours of training and number of people trained; number of partnerships with schools; number of man-days of skill sponsorship.

Environmental quantitative information: energy consumption; CO2 emissions related to energy consumption and transport, paper consumption; volume of WEEE treated.

² ALTEN S.A, ALTEN Spain, ALTEN Italia SpA, ALTEN India Private Ltd, ALTEN India, Calsonic IABS Private Ltd.

³ **Qualitative information** on the following parts: "Attracting Talent"; "Building loyalty among talents"; "Promoting diversity"; "Health and Safety in the workplace"; "Work/life balance"; "Ethics and compliance"; "Reducing our greenhouse gas emissions"; "Using natural resources in a reasonable manner and reducing waste".

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people between November 2018 and April 2019.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respect.

Neuilly-sur-Seine, April 26th 2019

Original French report signed by:
Statutory Auditor appointed as an independent third party

Grant Thornton
French member of Grant Thornton International

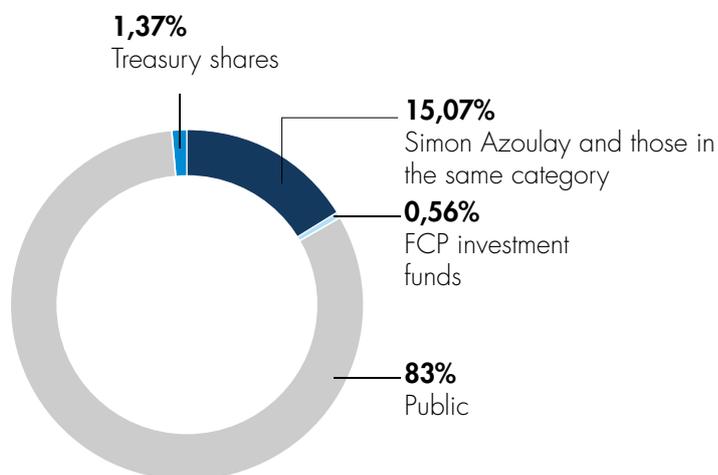
Vincent Frambourg
Partner

Shareholder information

Investor information

Company name:	ALTEN
Activity:	Engineering and Technology Consulting
APE Code:	6202A
Trade and Companies Register number	348 607 417 Nanterre
Address of Corporate Headquarters:	40, avenue André Morizet 92513 Boulogne-Billancourt
Founding date:	1988
Nationality:	French
Share capital:	€35,521,980.90
Number of registered shares representing ALTEN's capital:	33,33,825,747 ordinary shares, 2,750 preferred A shares and 1,961 preferred B shares.
Legal structure:	A French public limited company with a Board of Directors
Financial year:	1 January to 31 December
Trading Market:	ALTEN is listed in Compartment A of Euronext Paris
Stock market indices including ALTEN shares	SBF 120, SBF 250, IT CAC 50, CACMID 100
ISIN Code:	FR 0000071946

Shareholder structure (at 12/02/2019)



Financial analysts

Berenberg
Bryan Garnier
CM CIC Securities
Exane BNP Paribas
Gilbert Dupont
IdMidcap
Invest Securities
Kepler Cheuvreux
Oddo Securities
Portzamparc
Société Générale

Financial calendar

29 January 2019	Revenue from 4 th quarter 2018
20 February 2019	2018 annual results
24 April 2019	Revenue from 1 st quarter 2019
18 June 2019	General Meeting of Shareholders
24 July 2019	Revenue from 1 st half 2019
20 September 2019	Results from 1 st half 2019
23 October 2019	Revenue from 3 rd quarter 2019

Communication between ALTEN and its shareholders

3 years ago ALTEN launched an active process aiming at better knowing its shareholders.

In this context and for the past 2 years, ALTEN has implemented some Identifiable Bearer Securities procedures (in French TPI) covering more than 93% of its shareholding.

Thus, ALTEN wants to establish with its main shareholders a sustained dialogue. This dialogue allows ALTEN to be aware of their expectations, especially regarding the preparation of draft resolutions submitted to ALTEN's General Meetings.

On ALTEN's website, under the "investors" tab*, shareholders are given access to various materials including the documentation provided during General Meetings.

A contact email relation.actionnaires@ALTEN.com is also available to answer any questions.

Financial publications

Bruno BENOUEL, Deputy CEO, is in charge of financial publications.

All financial documentation including press releases are submitted to ALTEN's Executive Board before publication. On account of their insider information, press releases are published as soon as Euronext Paris market closes so as not to impact stock market values for ALTEN shares; they are communicated at the same time to the AMF (Autorité des Marchés Financiers) and the financial community.

At the beginning of the year, the financial calendar listing all financial publications for the coming year is published on ALTEN's website.

Bruno BENOUEL and the financial community regularly meet with Simon AZOULAY, CEO, to discuss financial information. Audio webcasts and all materials for those meetings are available online.

*<https://www.alten.com/investors/>





2018 Registration Document



ALLEN

ENGINEERING AND TECHNOLOGY CONSULTING

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PERSONS RESPONSIBLE

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

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

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

I declare, to the best of my knowledge, that the financial statements have been compiled in accordance with the applicable accounting standards and provide an accurate picture of the assets, financial position and results of the Company and its subsidiaries, and that the management report (see cross-reference table on pages 311 to 313) gives a fair reflection of the business trends, the results and the financial position of the Company and its subsidiaries and describes the main risks and uncertainties that these companies currently face.

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

Signed in Boulogne-Billancourt on 26 April 2019.

Simon AZOULAY – Chairman and Chief Executive Officer

1.2 PERSON IN CHARGE OF FINANCIAL INFORMATION

Bruno BENOLIEL

Chief Operating Officer

1

PERSONS RESPONSIBLE

STATUTORY AUDITORS

2.1 IDENTITY

2.1.1 PRINCIPAL STATUTORY AUDITORS

KPMG Audit IS

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

Date of first appointment: 18 June 2015.

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

Grant Thornton

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

Date of first appointment: 25 June 2003.

Reappointment dates: 23 June 2009 and 18 June 2015.

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

2.1.2 ALTERNATE STATUTORY AUDITORS

Salustro Reydel – Alternate Statutory Auditors for KPMG Audit IS

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

Date of first appointment: 18 June 2015.

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

IGEC – Alternate Statutory Auditors for Grant Thornton

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

Date of first appointment: 25 June 2015.

Reappointment dates: 23 June 2009 and 18 June 2015.

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

2.2 SUBSEQUENT EVENTS

None.

2 STATUTORY AUDITORS

SELECTED FINANCIAL INFORMATIONS

3

3.1 HISTORICAL FINANCIAL INFORMATION

KEY FIGURES FOR THE PERIOD COVERING THE HISTORICAL FINANCIAL INFORMATION

<i>(In millions of euros)</i>	2018	2017 (restated)
Revenue	2,269.8	1,984.7
France	45.4%	46.3%
International	54.6%	53.7%
Operating profit on activity	224.0	194.2
Operating profit on activity <i>(as% of revenue)</i>	9.9%	9.8%
Operating profit	214.2	176.6
Net income, Group share	157.9	147.0
Net cash flow from operating activities	99.3	91.3
Headcount	33,700	28,000

<i>Assets (in thousands of euros)</i>	2018	2017 (restated)
Goodwill	494,125	436,740
Trade receivables	626,641	528,461
Customer contract assets	134,142	118,826
Other current and non-current assets	286,301	250,320
Cash and cash equivalents	120,372	83,966
TOTAL ASSETS	1,661,581	1,418,313

<i>Liabilities (in thousands of euros)</i>	2018	2017 (restated)
Shareholders' equity, Group share	967,571	832,580
Non-controlling interests	4,863	1,653
Customer contract liabilities	92,568	88,755
Financial liabilities	108,127	57,346
Other current and non-current liabilities	488,453	437,979
TOTAL EQUITY AND LIABILITIES	1,661,581	1,418,313

3

SELECTED FINANCIAL INFORMATION INTERIM FINANCIAL INFORMATION

3.2 INTERIM FINANCIAL INFORMATION

None.

RISK FACTORS

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RISK FACTORS

INTEREST RATE, FOREIGN EXCHANGE AND STOCK MARKET RISKS

The Group has reviewed the risks that could have a significant adverse effect on its business, its financial position or its results (or its capacity to meet its targets) and considers that there are no significant risks other than those presented below. Investors' attention is drawn to the fact that the description of risks appearing below is not exhaustive and that other risks, as yet unidentified or that the Company does not believe to be significant, may materialise in the future and have a significant adverse effect on its business, its financial position, its results or its growth. Potential investors and purchasers must read the Document in full.

4.1 INTEREST RATE, FOREIGN EXCHANGE AND STOCK MARKET RISKS

4.1.1 INTEREST RATE RISK

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

Due to low debt levels, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group's exposure remains limited. At 31 December 2018, financial debt at variable rate amounted to €93.3 million.

An average increase of 100 basis points in the reference variable rate over a year would increase the Group's borrowing costs by €0.9 million.

4.1.2 FOREIGN EXCHANGE RISK

Operating foreign exchange risk

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

financing is denominated in euros. However, certain external growth transactions may have resulted in refinancing by the Group in foreign currencies but remain limited and are completely or partially covered by bank borrowings in foreign currencies.

See also Section 20.3.1, note 7.5 "Financial risk factors".

Foreign exchange risk

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

Foreign exchange translation risk

Some of the Group's subsidiaries are located outside the euro zone, in the USA, Sweden and the United Kingdom. The financial statements of these subsidiaries, when translated into the consolidation currency, are subject to changes in exchange rates.

4.1.3 EQUITY RISK

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract (13,830 shares), ALTEN SA holds 460,022 treasury shares, representing 1.36% of its share capital at 31 December 2018.

represent a maximum potential dilution of 2.23% of the share capital at 31 December 2018.

The free shares awarded by the Board of Directors of ALTEN SA during the financial year and in the previous year and not yet issued

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

4.2 LIQUIDITY RISK

A prudent liquidity management plan involves keeping a sufficient level of liquid assets and having financial resources through appropriate credit facilities. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

The Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise average debt recovery times;
- credit lines set up for €160 million, as part of the “Club Deal” contract for a maximum seven-year term (from 2015), and renewable short-term lines of credit for €28.5 million.

This Club Deal requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

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

At 31 December 2018, these ratios were met.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

4.3 CREDIT/COUNTERPARTY RISK

ALTEN’s services are invoiced mainly on a time-spent basis. In reality, there are few risks related to fixed-price contracts (less than 10% of revenue). Internal procedures established by certain major account customers with regard to the issue of purchase orders and payment of invoices affect payment time frames. In light of these ever-growing difficulties, the Group had to strengthen its procedures and resources to limit the increase in outstanding customer accounts and the risk of non-payment by customers.

The ALTEN Group derives 31.3% of its revenue from approximately ten customers, with its largest customer representing 10.1% of Group revenue, within various entities in several countries.

The ALTEN Group has also established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

ALTEN Group’s customers are among the largest European customers: close to 90% of revenue is generated by this type of customer, thus limiting the risk of insolvency. Its credit risk is therefore limited. Its credit risk is therefore limited. Customer account collection periods were 93 days in 2018 (92 days in 2017).

MAJOR ACCOUNTS’ SHARE

<i>(as % of revenue)</i>	2018	2017	2016
First	10.1	10.2	10.6
Top five	21.6	22.5	23.7
Top ten	31.3	31.9	33.4

There is no identified risk of dependency with regard to a specific client. See also Section 20.3.1, note 7.5.

4

RISK FACTORS

RISKS CONNECTED WITH INTANGIBLE ASSETS

4.4 RISKS CONNECTED WITH INTANGIBLE ASSETS

Goodwill represents the difference between the purchase price and the fair value at the date of acquisition of identifiable assets and liabilities and contingent liabilities. Goodwill is not amortised. The Group has a period of 12 months from the date of acquisition to finalise the valuation of these assets and liabilities. Beyond this period, the effects are recognised directly under earnings.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash generating units that could benefit from the consortium that generated the goodwill. The ALTEN Group performs impairment

tests of goodwill as soon as an indication of impairment is identified and at least once a year. Goodwill impairment losses are not reversible (see Section 20.3.1, note 5.1 to the consolidated financial statements).

When the acquisition cost is less than the fair value of the share belonging to the Group in the net assets of the subsidiary acquired, the difference is recorded directly in the income statement over the vesting period, after verification of the process of identifying and evaluating various factors taken into account in its calculation.

4.5 LEGAL RISKS AND COMPLIANCE

4.5.1 RISKS RELATING TO CUSTOMER COMMITMENTS

Most of the services provided by the ALTEN Group are subject to an obligation of means.

However, services that are results-based (fixed-price contracts) may, in case of a delay in execution or incorrect execution, lead to the application of penalties, or result in ALTEN's liability being committed. The Group has developed specific methodological processes for the management of projects of this type. The Structured Projects Department, which deploys the methodologies and drives the delivery of the work packages, was CMMI^{®(1)} level 3 certified in December 2018 for a new three-year period. All of these processes associated with a rigorous management of its contractual commitments enable ALTEN to control this risk.

The rationalisation of supplier panels by large customers is increasingly forcing tier one companies such as ALTEN to conclude deals with a panel of sub-contractors, sometimes imposed by these clients. In this context, ALTEN has set up a dedicated sub-contracting management procedure under which operational and contractual requirements of clients are systematically passed on to the sub-contractors, which must provide proof of adequate levels of insurance.

4.5.2 DISPUTES AND LEGAL PROCEEDINGS IN PROGRESS

In connection with its activities, the Group is involved in certain legal actions, mainly relating to former employees, commercial matters and taxes. Provisions for risks and expenses are recorded at year-end whenever the Group has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such third party. Provisions are broken down by type, amount and expected maturity in the notes to the consolidated financial statements (see Section 20.3.1, details of consolidated financial statements, note 8.1).

In late 2018, the French Competition Authority opened an administrative enquiry into the Engineering and Technology Consulting (ETC) and software publishing industry. ALTEN is a key player in ETC. On the date of this Document, it was not possible to assess the potential consequences of this administrative enquiry.

There is no other governmental, judicial, arbitration or administrative procedure, including all procedures known to the Company, that is pending or liable to occur and is likely to result or has resulted in a material impact on the financial position or the profitability of the Company and/or the Group over the past 12 months.

(1) CMMI is registered in the US Patent and Trademark Office by Carnegie Mellon University.

4.5.3 INTELLECTUAL PROPERTY

ALTEN conducts its own research and development projects and develops its own technologies, methods and tools through its centres of expertise and excellence. In the framework of projects undertaken for customers, ALTEN ensures the transfer of intellectual property rights that may be created by its employees and sub-contractors for the benefit of its customers.

The ALTEN Legal Department implements permanent legal and regulatory monitoring in order to ensure strict compliance with regulations in force in all areas. In order to strengthen the security of its operations, the ALTEN Group recently set up a Compliance

department. It is responsible for the various regulatory compliance programmes (anti-corruption, protection of personal data, export control, compliance with economic sanctions, etc.) and the dissemination of the “compliance” culture within the Group through awareness-raising and training as well as a network of ambassadors.

In addition, as part of the ISO 27001 certification obtained in 2016 regarding information security management systems, ALTEN has strengthened its IT policy on risk prevention for infringement of third party rights by Group employees within the scope of their activity.

4.5.4 RISK OF NON-COMPLIANCE

ALTEN, like any global player, is also exposed to compliance risks (corruption, adherence to international sanctions, personal data protection, etc.). The Group set up a compliance programme

designed to identify and prevent these risks. These types of programme cannot, however, rule out the possibility of such risks occurring and having an impact on the Group's business.

4.6 RISKS RELATING TO IT SECURITY

ALTEN, like any business of a similar size, depends on the security and availability of its information systems for all its processes. Consequently, an attack on ALTEN's information systems would be likely to have a significant impact on its operating activities.

The Group has set up systems to prevent and reduce the effects of a cyber attack. For example, ALTEN is ISO 27001-certified.

4.7 RISKS CONNECTED TO EXTERNAL GROWTH TRANSACTIONS

The ALTEN Group has carried out, and may again be led to carry out, transactions involving the acquisition of assets or equity interests, and more generally, any external growth transactions.

Such external growth transactions primarily imply the following risks:

- the assumptions made by the Group for the valuation of the acquisition may not be verified, in particular with regard to the prices, costs, synergies and profitability expected;
- difficulties connected to the implementation of the integration of the businesses or of the companies acquired may occur;
- the Group may not be able to retain certain employees or key customers;

- the Group's debt may deteriorate in order to finance such acquisitions, thereby limiting its financial flexibility and the possibilities of contracting new external financing.

Consequently, the benefits expected from future or past acquisitions may not be able to be verified within the timeframes and levels expected, which could have a negative impact on net financial income, the financial position, or the Group's outlook.

Within the framework of its development strategy, particularly abroad, the ALTEN Group completed a certain number of business combinations during the course of the last few financial years and is constantly looking at new opportunities (see in particular Chapter 5 of this Document).

4

RISK FACTORS

BUSINESS ACTIVITY RISKS

The modest size of the acquisitions completed by ALTEN (between 50 to 500 consultants) enables control of integration risks and limits any impact on the size of the Group.

An acquisition process involves several ALTEN departments (including a department dedicated to researching and analysing

potential targets, which informs and advises Management on investment options), as well as external advisers.

When an investment is decided upon, the Group develops an integration programme and puts into place the resources necessary for its implementation.

4.8 BUSINESS ACTIVITY RISKS

4.8.1 PROCEDURES AND REFERENCING POLICIES

The major accounts have implemented policies to rationalise their use of engineering and technology consultancy companies, the effect of which is to limit the number of listed partners in the context of a general policy aiming to increase productivity.

ALTEN was confirmed as an approved supplier for all of its customers for 2018 and also gained "approved" status with new customers, primarily abroad.

If ALTEN were to lose its preferred supplier status with a major account (a single customer representing more than 5% of revenue), its activity ratio and, as a result, its profitability could be affected. However, preferred supplier status with the customer is divided by business lines, and the loss of preferred status with such a customer would not impact all of the revenue generated by it.

In view of the rationalisation of supplier panels and changing demand among project owners, ALTEN assists its customers by implementing a work package offer that delivers productivity gains and which can be combined with a nearshore or offshore approach.

For some years now, customers' Purchasing Divisions have expressed interest in performing some of their research and development activities in "low-cost" countries. Accordingly, the ALTEN Group has established structures to meet this demand and thus develop the customer relationship. In practice, the number of projects carried out in offshore or nearshore mode remains very limited, but is gradually increasing.

ALTEN has nearshore and offshore organisations in Romania, India and Morocco.

The share of revenue generated by the ALTEN Group in offshore mode and nearshore mode is insignificant.

At this time, there are almost no relocation risks. This offshore/nearshore offering enables ALTEN to gain ground in new markets.

4.8.2 HUMAN RESOURCES MANAGEMENT

Please see pages 55 *et seq.* of this Document.

4.9 INDUSTRIAL RISKS RELATED TO THE ENVIRONMENT

These risks are not material. The ALTEN Group provides intellectual services. Therefore, these activities have little environmental impact.

4.10 INSURANCE

The Group's insurance policy is linked to a strong initiative to prevent and protect against risk. All Group companies are insured through top ranking insurance companies for all major risks that could significantly impact its business, results or assets.

The main insured risks concern:

- indirect intangible damages;
- damage to property and business interruption;
- damage incurred by customers and third parties.

4.11 RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Group's internal control and risk management principles and procedures are in accordance with the guidelines of the French Financial Markets Authority (*Autorité des Marchés Financiers*, or AMF) concerning risk management and internal control policies.

4.11.1 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL AND RISK MANAGEMENT – SCOPE

The Internal audit system is defined by the ALTEN Group as a process implemented by management and staff to give reasonable assurance as to:

- compliance with laws and regulations;
- implementation of instructions and strategies established by General Management;
- optimisation of operational activities;
- the smooth running of the Group's internal processes, especially those affecting the protection of its assets;
- the reliability and the quality of information used within the Group and distributed outside it; and
- generally, the control of its activities, efficiency of its operations and effective use of its resources.

These internal audit procedures are applied throughout the ALTEN Group, which is defined as ALTEN SA as well as all companies fully consolidated according to the global integration method. One of the objectives of the internal control system is to prevent and limit all of the risks resulting from the Group's activities, particularly accounting and financial risks, operational and strategic risks and compliance risks. However, it cannot provide an absolute guarantee that objectives will be achieved or that the risks, whose likelihood of occurrence and potential impact it seeks to reduce, will be eliminated. The Audit Committee's remit includes oversight of the internal control and risk management system and the financial reporting system (see Section 16.4. 2).

4.11.2 REFERENCES AND COMPONENTS OF ALTEN'S INTERNAL CONTROL SYSTEM

Internal control and risk management is carried out at several levels:

- operational management, at the level of Group entities or geographical areas, which is responsible for managing operational risks and implementing the components of internal control;
- the Group's functional departments (Finance, IT, Human Resources, Purchasing, etc.), which disseminate, assist and monitor on an ongoing basis the implementation of the components of internal control.

The specific rules established by the ALTEN Group's various functional departments are presented below:

Recruitment:

The hiring of staff members follows a process that is set out and regularly updated by the Group Human Resources Department (procedures to be followed, standard employment contracts, etc.). Once hired, information on new employees is promptly recorded in the Group's IT Systems. In particular, payroll for all "France" employees is centralised.

Sales:

Any new account receivable in France is subject to scoring to ensure that the customer is solvent. All accounts receivable are scored and are subject to collection proceedings differentiated according to scoring levels.

For this purpose, ALTEN uses a dedicated accounts receivable management and collections module in all its subsidiaries that have an ERP.

This application is used at different levels once an invoice has been sent: identification of late payments, reminders, identification and centralisation of disputes, collection, etc.

Strict internal guidelines specify how sales are recognised, depending on the nature of the projects (mainly time/materials, work packages and fixed price). These guidelines are disseminated and uniformly applied by all Group subsidiaries, in France and abroad.

Invoices are issued by the administrative services of the relevant entities.

The Group benefits from strengthened General Conditions of Sale, which are always incorporated in responses to invitations to tender.

ALTEN has established a specific process to manage Structured Projects: Upon receipt of an invitation to tender, the Commercial Manager and the Technical Manager examine the commercial and technical risks before deciding how to follow up the ITT, with the Director of Operations acting as an arbitrator.

The process continues, if applicable, with the design, the development of financial and technical proposals, then a review of the tender with the participation of the Technical Director, the Business Unit Director, Management Control and the Director of Operations. The Legal Department is always included in this process. Because of the nature of its customers, the Group has little exposure to foreign exchange risks and credit risks.

Purchasing:

All purchases are subject to independent verifications:

- the internal originator must issue a statement of requirement;
- purchase of equipment or services by the Group Purchasing Division in conjunction with the relevant department (General Resources, IT, etc.) by competitive bidding, when appropriate;
- validation and receipt of the service and/or delivery by the relevant division;
- validation of the authorisation for payment and of the invoice by the person responsible for the budget, with respect to the various documents.

Invoice settlement, arranged by the Accounting Division, is validated by an independent third party who ensures that the previous procedures have been followed and who verifies, through sampling, the information that enables validation of the invoices.

The Group employs General Conditions of Purchase that include provisions relating to CSR and IS.

Legal:

Legal procedures are in place at Group level to involve the Legal Department in the various levels of pre-existing processes. Legal audits of Group subsidiaries are carried out on a regular basis, based on a preliminary self-assessment questionnaire.

Acquisitions:

The identification of targets and their preliminary approval are first handled by a special department or Operations Managers, and then validated by General Management, the Financial Department and the Operational Division of the relevant Division.

External growth transactions are systematically authorised by the Board of Directors.

Proposed acquisitions are submitted to the Board of Directors for approval following an operational, financial, HR, tax and legal audit designed to ascertain that the entities fit the business model, that they are financially sound and that potential risks have been identified.

Once the project is approved, finalisation of the transaction is managed by the Legal Department, which drafts the supporting documentation.

Acquired entities are immediately integrated into the Group's operational reporting system and management process. Depending on the entity's size, the Group's information systems may be used to ensure the reliability of the data. They are reassessed on an annual basis.

Real estate:

The request for new premises is prepared by the Operational Manager, confirmed by the Director of Operations and sent to Group General Resources to be processed and for a business case to be made. Review of the project and approval of selected premises falls within the purview of General Management. The Legal Department and the Purchasing and General Resources Division are also involved in the various stages of lease negotiations, overseeing them with the General Services Division.

A property committee meets regularly to maintain a constant flow of information between the Legal Department, General Resources and Management Control so as to update data on current property and analyse ongoing and future projects.

Financial communications:

The ALTEN Group uses all available resources to provide regular, reliable, clear and transparent information both to its shareholders and to financial analysts. Information is provided via press releases distributed to the press, quarterly publications of the Group's sales figures, and biannual and annual publications of its earnings.

The Group organises semi-annual analysts' meetings at the time it publishes its earnings, and four times a year it organises teleconferences when quarterly results are published.

Delegations of authority:

The existing system for delegating authority has a threefold purpose:

- educating Operations Managers about their responsibilities;
- establishing the ALTEN Group's power of representation for the benefit of the Operations Managers;
- establishing a precise framework in which the Operations Managers exercise their authority (including the right of further delegation).

Delegations of authority primarily concern matters that are directly related to operations (hiring consultants or sales managers, signing customer contracts, dispute management, etc.). Bank signing authority is only partially delegated in France and abroad for limited amounts.

Information systems:

The Group has implemented Information Systems with multiple objectives:

- to oversee operational activity;
- to manage resources and skills;
- to achieve productivity gains;
- to secure the flow of financial information; and
- to oversee operations carried out by the various Group companies and have pertinent operational information enabling responsive management of the business.

The main application software currently in use is:

- Customer Relationship Management (CRM);
- project management;
- human Resources, employee management;
- payroll;
- purchasing;
- sales management and invoicing;

- employee management and time management (in conjunction with employee and project management);
- cost management and oversight (in conjunction with time and project management);
- general and analytic accounting, management control and financial management;
- consolidation;
- BI;
- cash management.

Interfaces have been established between various software applications in order to provide access to dependable, consistent information, integrated at all stages of data processing.

In 2018, the Group continued to implement its IS&T strategy:

- the ERP, Unit4 business World (Agresso), was rolled out in new subsidiaries in Europe;
- versions under Milestone 5 are in the process of being harmonised so that a mass upgrade to Milestone 7 can take place in 2019;
- the upgrade to version SAP EHP 8 was completed in preparation for implementing SAP HANA.

Over 80% of Group employees are managed by these two ERPs and this figure is likely to continue to rise in future years.

4.11.3 PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The Group Financial Department is responsible for internal audit procedures related to the preparation and presentation of internal and external financial information.

The production and analysis of financial information relies on the Accounting, Consolidation and Management Control Departments as well as on the Financial Departments of the various Group subsidiaries.

Externally, the consolidated financial statements of the Group are prepared according to international accounting standards (IFRS), published semi-annually and annually. The preparation of these statements is done as part of a process led by the consolidation department reporting to the Financial Department of the Group, in the following manner:

- Communication of Group accounting and financial principles in the form of a Consolidation Manual;
- dissemination of precise instructions to Group companies before each consolidation, including the scope of consolidation and a detailed schedule;
- preparation using software that provides all necessary functions in terms of traceability, accuracy and security of data and processing. Subsidiaries submit separate financial statements for consolidation at Group level, with no intermediate consolidation level. The users are regularly trained and/or re-trained on the software by the Consolidation department;

- production of analyses and controls of the data throughout the process;
- Group companies also issue monthly reports on their operations and finances, including managerial, oversight and operational control indicators. This process is led by the Management Control Department, which also ensures the reliability of the budget process, measures and analyses performance and prepares summaries for Group senior management. With specific reference to foreign entities, International Management Control has a role in implementing and developing finance/management structures at foreign subsidiaries (processes/tools/recruitment) to support their development and ensure the accuracy of financial and operational information. Monthly and even weekly financial, sales and technical reviews based on quarterly reports are carried out;
- the Internal Financial Control Department, which reports functionally to the Group Financial Department, spearheads the internal control and financial risk management system within the Group, including certain operational and compliance aspects. In 2018, the Internal Financial Control Department continued to devise and circulate accounting and management and internal control regulations within the Group.

4

RISK FACTORS

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

4.11.4 RISK MANAGEMENT

Identified risks and the resources in place to manage them appear in Section 4.1 of this Registration Document.

4.11.5 CONCLUSION – OUTLOOK

The continuous improvement mechanism in the internal controls undertaken by the ALTEN Group for several years now will continue in 2019.

INFORMATION ABOUT THE ISSUER

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5

INFORMATION ABOUT THE ISSUER HISTORY AND DEVELOPMENT OF THE COMPANY

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 ALTEN SA LEGAL INFORMATION

Company name	ALTEN
Trade name	ALTEN
Date of incorporation	28 October 1988
Date of registration	16 November 1988
Place of registration	Nanterre Trade and Companies Register
Registration number	348 607 417 R.C.S. Nanterre
Term	99 years as from its registration in the Trade and Companies Register, except in the case of premature winding up or extension of such duration.
Registered office	40, avenue André Morizet 92513 Boulogne-Billancourt Cedex The telephone number of the registered office is +33 (0)1 46 08 72 00.
Sales Department	221 bis, boulevard Jean-Jaurès 92514 Boulogne-Billancourt Cedex The telephone number of the Sales Department is +33 (0)1 46 08 70 00.
Legal form	A French public limited company with a Board of Directors
Applicable legislation	French law

5.1.2 COMPANY HISTORY

A 30-year history

Since its inception, ALTEN has developed in two strategic directions: geographical proximity to its customers, (in France and abroad) and continued enhancement of its offer by developing new expertise and services.

ALTEN has quickly become a European leader in the Engineering and Technology Consultancy sector.

1988

ALTEN is founded by three engineers, all graduates of prestigious French universities, who are at the Company's helm.

1989-2000

1989: ALTEN continues to expand, doubling its headcount and generating a profit throughout this period.

ALTEN creates its first subsidiaries in France and abroad.

ALTEN opens new offices as part of its regional expansion strategy.

The Company continues to expand regionally and spins off its operations in Belgium with the creation of a new company.

1999: ALTEN SA is launched on the Second Marché of the Paris Stock Market on 1 February 1999.

2000: ALTEN continues to set up foreign operations in Germany, Spain and Belgium and increases its stake in a company in the UK to 100%. The Group acquires four companies.

ALTEN broadens its range of services by setting up subsidiaries that specialise in network architecture, open systems, client-server applications, and object-oriented technologies.

2001-2010

2004: ALTEN steps up its policy of growth through acquisition to sustain its rate of expansion in a less favourable economic environment and acquires nine new companies overseas and seven in France over this period.

ALTEN's external growth strategy allows ALTEN to become a European leader in R&D project management.

In response to the growing demand from customers for work package⁽¹⁾ and offshore/nearshore⁽²⁾ services, ALTEN creates a special division dedicated to "Structured Projects" and acquires a company specialising in R&D engineering and workpackage design.

The nearshore offer is expanded with an acquisition in Romania and now includes the Czech Republic, Slovakia, Poland, Romania and Vietnam.

The Group records more than 25% of its revenue outside France.

ALTEN exceeds its target of 6,000 employees in 2005, a year early.

2008: ALTEN continues its sustained organic growth (16.2%), achieved mainly through the Energy, Rail, Aeronautics and Banking sectors.

ALTEN confirms the almost comprehensive nature of its listings and partnerships in Europe, and is included among EADS' listed E2S service providers throughout the world (the top five engineering service providers for the EADS Group). (source: PAC 2009)⁽³⁾.

2009: The decline in economic activity affects most business sectors, mainly the Automotive industry. ALTEN's listings are confirmed and it continues its growth in other sectors such as Aeronautics, Energy and Banking/Finance.

ALTEN becomes the French leader in Structured Projects.

2010: ALTEN continues to redeploy its offer towards Structured Projects. This strategy leads it to strengthen and restructure its Technical Division and to start the CMMI certification process.

(1) Subcontracted services where technical resources are made available (premises, computers, business software).

(2) Services consumed in France performed abroad (in geographically nearby countries: nearshore, or in distant or very distant countries: offshore).

(3) Study carried out by Pierre Audoin Conseil.

2011-2018

2012: Between 2011 and 2018, ALTEN acquires forty-eight companies internationally and three companies in France. ALTEN is expanding its operations in Germany, Scandinavia, the United Kingdom, Eastern Europe and the United States.

2012: ALTEN continues to structure its Technical Division, developing its expertise centres and becoming leader in workpackage management.

ALTEN continues to gain market share.

Revenue exceeds €1 billion and the Group has 14,800 employees.

ALTEN continues its strategy of organic growth and speeds up development through external growth in order to strengthen its market positions on the international stage.

2014: ALTEN joins compartment A of Euronext on 1 January 2014.

2016: ALTEN accelerates implementation of its development strategy, based on dynamic, targeted external growth, while maintaining its capacity for organic growth in line with its margin policy.

For the first time since its creation, over half of ALTEN's business is now international, thanks to organic growth that is twice as strong as in France and a very dynamic acquisitions policy.

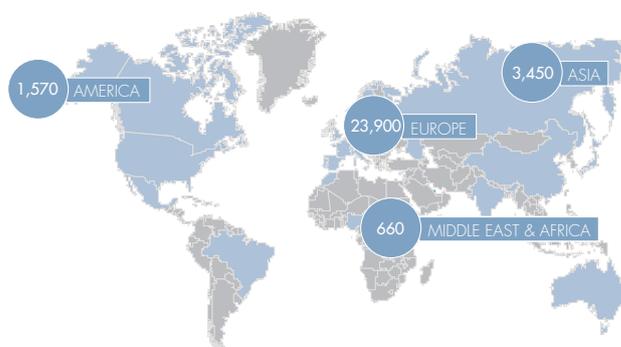
2017: The US becomes the Group's second largest geographical area of activity.

2018: ALTEN continues its targeted external growth policy, making 10 international acquisitions.

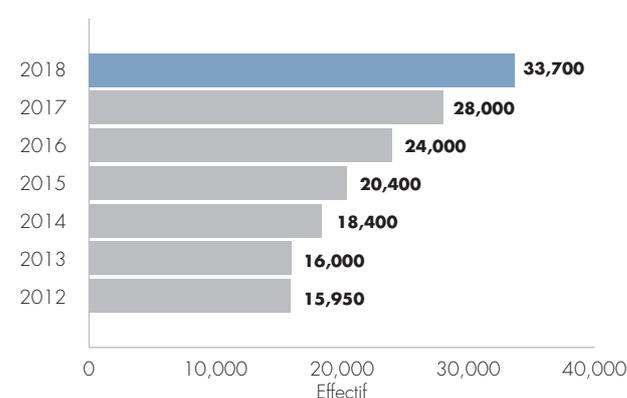
All geographical areas (apart from Germany) experience organic growth in excess of 10%.

ALTEN's revenue passes the 2 billion mark.

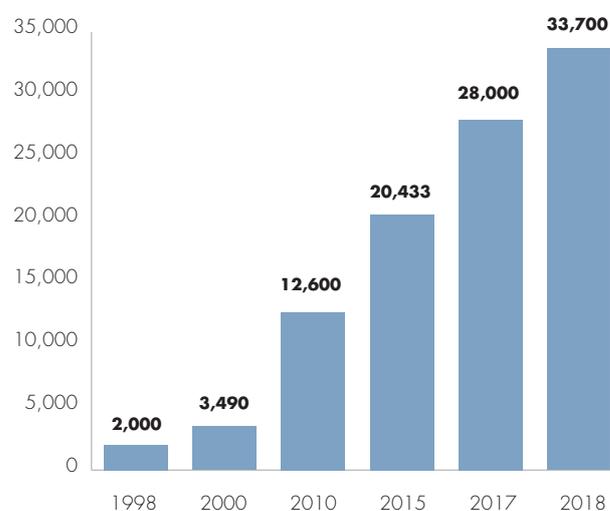
GEOGRAPHIC LOCATION



EVOLUTION OF THE WORKFORCE



EVOLUTION OF TURNOVER



5.1.3 LIST OF REGULATED INFORMATION PUBLISHED IN THE FINANCIAL YEAR

PRESS RELEASES PUBLISHED WITH REGARD TO THE PERMANENT INFORMATION

- 25 April 2018 – Press release on the proposal to distribute a dividend, increase the independence of the Board of Directors, appoint a Lead director and on gender equality on the Board.

REGISTRATION DOCUMENT - ANNUAL FINANCIAL REPORT

- 20 February 2018 – Press release on the 2017 annual results;
- 21 February 2018 – Presentation of 2017 annual results (SFAF);
- 27 April 2018 – Publication of the 2017 Registration Document;
- 27 April 2018 – ALTEN 2017 Registration Document.

HALF-YEAR FINANCIAL REPORT

- 20 September 2018 – Press release on the 2017 first-half results;
- 21 September 2018 – 2017 half-year financial report.

QUARTERLY FINANCIAL INFORMATION

- 26 January 2018 – Press release on the 2017 4th Quarter results;
- 25 April 2018 – Press release on the 2017 1st Quarter results;
- 25 July 2018 – Press release on the 2018 1st half results;
- 24 October 2018 – Press release on the 2017 3rd Quarter results.

DESCRIPTION OF SHARE BUYBACK PROGRAMMES AND STATEMENT OF THE LIQUIDITY CONTRACT

- 08 January 2018 – Half-year report on the liquidity contract at 30 December 2017;
- 11 July 2018 – Half-year report on the liquidity contract at 30 June 2018.

MONTHLY DECLARATIONS OF THE TOTAL NUMBER OF VOTING RIGHTS AND SHARES

- 12 Declaration forms.

ANNOUNCEMENTS OF PUBLICATION OR CONSULTATION OF INFORMATION CONCERNING THE GENERAL MEETINGS OF SHAREHOLDERS

- 30 May 2018 – Announcement of publication of information regarding GM of 20 June 2018.

5.2 INVESTMENTS

5.2.1 PRINCIPAL INVESTMENTS MADE DURING THE LAST THREE FINANCIAL YEARS

Companies acquired by ALTEN Group during the past three financial years:

2018			2017		2016	
Companies	Country		Companies	Country	Companies	Country
KAMMERER	Austria		KS ENGINEERING	Germany/Poland	NEXSE	Italy
E-TIC	Spain		PREMIER LOGIC	United States	CRESTTEK	United States/India
SHUANGJIE	China		SYNCRONESS	United States	PVR SIRILAN	United States
XPULS	Germany		BLUEAGILITY	United States	ASM	United States/ Singapore/India
OPTIMISSA	Luxembourg/Spain/ Switzerland/Mexico/ Portugal/United Kingdom		DEVJAM	United States	IST	Germany
SI2CHIP TECHNOLOGIES	India		HELVETING	Switzerland/Spain		
BEAMON	Sweden		TECHNO LIKE US	Japan	PROEX	Canada
COMIQ	Finland				CLOVER GLOBAL SOLUTIONS	United States
					KEPLER ROMINFO	Romania
					CADUCEUM	France
					CLEARGROUP	Germany/Poland

Amount of net disbursements on acquisitions including earn-outs (in millions of euros):

	2018	2017	2016
	63.4	43.3	86.6

5.2.2 PRINCIPAL INVESTMENTS MADE OR COMMITTED SINCE YEAR-END

The Group carried out a number of acquisitions in early 2019:

- acquisition by ORION ENGINEERING BV, on 2 January 2019, in Holland, of BAST TECHNIEK, specialising in electronics (Revenue of €6.5 million; 90 consultants);
- acquisition by ALTEN EUROPE SARL, on 7 January 2019, in Germany, of EINSPLUS, specialising in the Automotive industry (Revenue of €6 million; 80 consultants);
- acquisition by ALTEN EUROPE SARL, on 13 February 2019, in Spain, of SERVICIOS DE DESARROLLO ORIENTADO A SOLUCIONES (SDOS) and its subsidiary, specialising in the IT industry (Revenue of €6 million; 95 consultants);
- acquisition by ALTEN GmbH, on 1 April 2019, in Germany, of the IPN Group, made up of 4 companies, specialising in engineering and IT consultancy (Revenue of €16.5 million; 175 consultants).

5.2.3 PRINCIPAL FUTURE INVESTMENTS

No other investment planned in the future has given rise to a firm commitment by the Company's management bodies, with the exception of earn-out clauses relating to acquired subsidiaries, whose amounts were duly posted in the Group's consolidated

financial statements. The corresponding debt, estimated at €26.9 million at 31 December 2018, is posted in other current and non-current liabilities.

OVERVIEW OF THE BUSINESS AND STRATEGY

6

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6.1 MAIN ACTIVITIES

6.1.1 OPERATIONS AND MAIN ACTIVITIES

The main business segments and geographical areas in which ALTEN operates are described in pages 6 to 29 of this Document.

The tables below supplement this information.

Breakdown of consolidated revenue by main business sector for the period covered by the historical financial information:

	2018	2017 (restated)
Aerospace	16.1%	15.6%
Defence & Security	4.7%	4.4%
Automotive	21.0%	22.1%
Rail & Naval	3.7%	2.7%
Multimedia	6.6%	6.6%
Telecoms	6.8%	7.7%
Finance & Services	18.2%	18.2%
Energy & Life Sciences	17.4%	18.0%
Other industries	5.5%	4.7%

Distribution of revenue by main geographical areas:

Country	Full year		Change		Including organic at constant exchange rates
	2017 (restated)	%	2018	%	
France	925.6	46.6%	1,029.9	45.4%	11.3%
International	1,059.1	53.4%	1,240.0	54.6%	17.1%
North America	201.2	10.1%	257.7	11.4%	28.1%
Germany	207.4	10.5%	222.0	9.8%	7.0%
Scandinavia	157.6	7.9%	166.9	7.4%	5.9%
Spain/Portugal	93.7	4.7%	122.8	5.4%	31.1%
Italy	76.6	3.9%	87.3	3.8%	13.9%
UK	84.2	4.2%	82.0	3.6%	-2.7%
Belgium	65.1	3.3%	73.0	3.2%	12.1%
The Netherlands	58.9	3.0%	70.9	3.1%	20.3%
Asia-Pacific	40.6	2.0%	61.0	2.7%	50.4%
Other	73.8	3.7%	96.5	4.3%	30.8%
TOTAL	1,984.7	100.0%	2,269.9	100.0%	14.4%

6.1.2 NEW OFFERS

Projects led by ALTEN on behalf of its customers are described on pages 27 *et seq.* of this Document.

6.2 MAIN MARKETS

A presentation of the ALTEN Group's principal markets is given in Chapter 2 "Our customers" on pages 27 *et seq.* of this Document.

6.3 EXCEPTIONAL EVENTS

None.

6.4 ISSUER'S DEPENDENCE ON PATENTS OR LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL AGREEMENTS OR NEW MANUFACTURING METHODS

See Chapter 4 "Risk factors".

6.5 COMPETITIVE POSITION

ALTEN has been the European leader in the Engineering and Technology Consulting market for several years now. This market continues to be highly fragmented, particularly outside of France, where a multitude of small players operate alongside the market leaders.

In France, where the market is more structured, ALTEN has a market share of 12%, with the top 5 companies accounting for 40% of the market, and the top 10 accounting for 55%.

Customers' demands are becoming more complex: the digital transformation of the industrial world, diversification of offers and types of client engagement, complex transnational projects, offshore and nearshore, size and scope and productivity gain requirements, etc.

Only the big French groups have an international presence and can respond to changes in this demand, although Indian firms are attempting to penetrate the European markets.

(Source Teknowlogy PAC 2019).

6

OVERVIEW OF THE BUSINESS AND STRATEGY

ORGANISATION CHART

7

7.1 BRIEF DESCRIPTION OF THE GROUP

ALTEN SA is the parent company of the ALTEN Group. ALTEN SA conducts both operational activities and operational holding activities for the Group. It conducts the following activities as part of its parent-subsiary relationship with the Group's, mainly French, subsidiaries:

- management and strategy consultancy;
- communication and marketing;
- finance (accounting, management oversight, cash management, etc.);
- legal (company law, contracts, dispute resolution, labour law, claims, mergers and acquisitions, etc.);
- internal development (recruitment and training of sales managers, etc.);
- administration and human resource management (career management, payroll, employee relations, etc.);

- computing (Information Systems and Networks/ Telecommunications);
- purchases (policy, invitations to tender, negotiations);
- general resources, management of premises (logistics, care, maintenance, etc.).

The subsidiaries are billed for these services in line with the transfer pricing policy implemented within the Group.

ALTEN SA has formed a central corporate treasury within the Group through its subsidiary, ALTEN CASH MANAGEMENT.

ALTEN SA also allows some of its subsidiaries to benefit from major customer referrals.

At 31 December 2018, the ALTEN Group was composed of 143 subsidiaries located in Europe, North and South America, Asia, Africa and the Middle East.

7.2 LIST OF MAJOR SUBSIDIARIES

The list of major subsidiaries is given in note 3 to the consolidated financial statements, "Scope of consolidation", in Section 20.3.1 of this Registration Document.

7

ORGANISATION CHART

PROPERTY, PLANT AND EQUIPMENT

8

8.1 SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

In view of its activities, the Group does not operate any significant property, plant and equipment.

8.2 ENVIRONMENTAL ISSUES THAT MAY AFFECT THE USE OF PROPERTY, PLANT AND EQUIPMENT

None.

8

PROPERTY, PLANT AND EQUIPMENT

REVIEW OF THE FINANCIAL POSITION AND RESULT

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All subsidiaries of ALTEN (hereafter the “Company” or “ALTEN”) are consolidated into the Group financial statements in accordance with the methods described in the notes to the consolidated financial statements.

9.1 FINANCIAL POSITION

9.1.1 ACTIVITY OF THE GROUP AND ALTEN SA OVER THE LAST FINANCIAL YEAR

9.1.1.1 Activity of the Group during the financial year

ALTEN, the European leader in Engineering and Technology Consulting (ETC), carries out design and research projects for the Technical and Information Systems Divisions of major industrial, telecoms and service-provider customers.

The market encompasses the full range of ETC services, specifically:

- Scientific and Technical Research;
- Network architecture and IT systems.

The ALTEN Group continued to expand internationally (+17.1%), which now accounts for 54.6% of the Group’s total activity.

Strong organic growth accelerated in the second half of 2018 in France and internationally.

The operating margin was slightly up on 2017, with changes in different aggregates cancelling one another out.

The distribution of revenue by activity is presented in Chapter 6 of this Registration Document.

ALTEN made a number of external growth transactions during the last financial year:

- acquisition by ALTEN EUROPE SARL, on 28 March 2018, in Austria, of KAMMERER, specialising in the Automotive industry (Revenue of €5.5 million; 95 consultants);
- acquisition by ALTEN SPAIN SL, on 12 April 2018, in Spain, of ETIC-SYSTEMES, specialising in the IT industry (Revenue of €8.5 million; 150 consultants);
- acquisition by SESAME GROUP Ltd, on 13 April 2018, in China, of the SHUANGJE Group, specialising in the Automotive industry (Revenue of €7 million; 160 consultants);

- acquisition by ALTEN EUROPE SARL, on 27 April 2018, in Germany, of XPULS, specialising in the Aviation industry (Revenue of €10 million; 80 consultants);
- acquisition by ALTEN EUROPE SARL, on 18 May 2018, in Luxembourg, of OPTIMISSA and its Spanish, English, Mexican, Portuguese and Swiss subsidiaries, specialising in the IT industry (Revenue of €19 million; 420 consultants);
- acquisition by ALTEN CALSOFT LABS Ltd, on 27 September 2018, in India, of SI2CHIP, specialising in the Electronics industry (Revenue of €1.3 million; 90 consultants);
- acquisition by ALTEN SVERIGE AB, on 26 October 2018, in Sweden, of BEAMON PEOPLE AB, specialising in the IT industry (Revenue of €12 million; 90 consultants);
- acquisition by ALTE OY, on 30 October 2018, in Finland, of COMIQ GROUP OY, specialising in the IT industry (Revenue of €6 million; 65 consultants).

Events after year end

The Group carried out a number of acquisitions in early 2019:

- acquisition by ORION ENGINEERING BV, on 2 January 2019, in Holland, of BAST TECHNIEK, specialising in electronics (Revenue of €6.5 million; 90 consultants);
- acquisition by ALTEN EUROPE SARL, on 7 January 2019, in Germany, of EINSPLUS, specialising in the Automotive industry (Revenue of €6 million; 80 consultants);
- acquisition by ALTEN EUROPE SARL, on 13 February 2019, in Spain, of SERVICIOS DE DESARROLLO ORIENTADO A SOLUCIONES (SDOS) and its subsidiary, specialising in the IT industry (Revenue of €6 million; 95 consultants);
- acquisition by ALTEN GmbH, on 1 April 2019, in Germany, of the IPN Group, made up of 4 companies, specialising in engineering and IT consultancy (Revenue of €16.5 million; 175 consultants).

9.1.1.2 Activity of ALTEN SA

ALTEN SA is active in the Engineering and Technology Consulting and Information Systems and Technological Networks sector on behalf of major customers in industry, telecoms and the services sector.

There are two kinds of services that ALTEN SA offers its customers:

- consulting services: the projects are carried out on our clients' premises, with a commitment of resources;
- workpackage management: projects include several levels of responsibility and risk-sharing, and may be carried out on the clients' premises or may be partially or completely outsourced to an ALTEN facility. These services are generally provided by committing resources, with corresponding invoicing on a time-spent, or work unit basis. Projects with commitments in terms of results, for a fixed fee, account for less than 10% of ALTEN SA's total activity.

9.1.2 REVENUE GROWTH

9.1.2.1 ALTEN Group

Consolidated revenue stood at €2,269.9 million (compared with €1,984.7 million at 31 December 2017, restated for IFRS 15), up 14.4% on the previous year.

International markets now account for 54.6% of revenue (up from 53.4% in 2017).

There was sustained growth throughout the year which accelerated in the second half. Growth in France caught up with international growth by the end of the year.

Growth was 12% (11.3% in France and 12.7% abroad) at constant scope and exchange rates.

Organic growth accounted for over three-quarters of total growth.

9.1.2.2 ALTEN SA

ALTEN SA achieved revenue of €536.4 million, up 2.7% on the previous year (€522.2 million). 97.6% of revenue from projects carried out on behalf of French customers was in France, and 2.4% abroad.

Activity in 2018 was satisfactory. The aeronautics sector continues to be a fast-expanding industry with digital transformation (augmented reality, IOT, Big Data, Factory 4.0, etc.). The automotive industry, defence and security continued to grow, as did life sciences.

Key events

The Board of Directors' meeting of 20 September 2018, using the delegation of authority received from the Combined Ordinary and Extraordinary General Meeting on 22 June 2017, under the terms of its 14th resolution, increased the share capital by raising the nominal value of the share to €1.05. The nominal value of ALTEN shares was automatically converted into euros in 2002 and so corresponded to an implied nominal value of just under €1.01639917.

Events after year end

None.

This includes direct invoicing for services rendered by some Group subsidiaries to customers with whom ALTEN SA is a listed supplier, together with related services consisting of fees billed back to subsidiaries, the rebilling of shared services, etc.

Consequently, operating revenue (excluding ongoing management income) from services carried out by ALTEN SA for its customers amounted to €425.5 million in 2018, up by 3.5% over 2017 (€411.3 million).

Other external purchases and costs were €190.5 million compared with €177.7 million at 31 December 2017, up 7.2%.

Personnel expenses stood at €313.4 million, versus €298.96 million in 2017, an increase of 4.84% owing to the growth in headcount consistent with higher business activity.

9.1.3 EARNINGS TRENDS

9.1.3.1 ALTEN Group

At 31 December 2018, operating profit on activity amounted to €224 million, or 9.9% of revenue, up 15.3% from 31 December 2017 (€194.2 million or 9.83% of revenue).

The change in the operating margin includes contrary mix effects, which cancelled one another out. Primarily due to a positive working-day effect (0.7 working days), the gross margin was up nearly 40bp, adversely affected by the rise in managerial and G&A expenses (40bp). The drop in French Competitiveness and Employment tax credits (CICE) resulted in a 20bp drop in the consolidated financial statements and the drop in the French Research Tax Credit (CIR) resulted in a 40bp increase. Acquisitions had an impact of less than 10bp on the financial statements,

In short, the operating margin was up 10bp, to 9.9% of revenue.

The IFRS cost of share-based payments was €6.2 million (€12.8 million in 2017).

Other non-current operating income and expenses stood at -€3.7 million at 31 December 2018. These include fees on acquisitions (€1.5 million), the cost of tax and social security inspections abroad (€1 million), cost of restructuring subsidiaries acquired (€0.6 million) and earn-outs paid outside the allocation period (€0.6 million).

After taking these items into account, operating profit was €214.2 million, 9.4% of revenue, up 21.2% compared with the previous year. In 2017, operating profit was €176.6 million and accounted for 8.9% of revenue.

The Group posted net financial loss of €1.5 million. In 2017, it stood at €16.2 million (due to capital gains on the disposal of AUSY shares).

Income tax expenses were €61.2 million. Earnings of equity-accounted companies amounted to €9.1 million. Non-controlling interests amounted to €2.7 million.

Consequently, net income, Group share, amounted to €157.9 million (7.0% of revenue), up 7.4% from 2017 (€147 million or 7.4% of revenue).

The ALTEN Group's consolidated results are presented in the following table:

	2018		2017*		Change
	(In millions of euros)	%	(In millions of euros)	%	%
Revenue	2,269.9	100%	1,984.7	100%	+14.4%
Operating profit on activity	224.0	9.9%	194.2	9.8%	+15.3%
Share-based payments	(6.2)		(12.8)		
Non-recurring profit/loss	(3.7)		(4.8)		
Operating profit	214.2	9.4%	176.6	8.9%	+21.2%
Net financial income	(1.5)		16.2		
Taxes	(61.2)		(50.2)		
EMCs and minority interests	6.4		4.4		
Net income, Group share	157.9	7.0%	147.0	7.4%	+7.4%

* Figures restated for IFRS 15.

9.1.3.2 ALTEN SA

Operating profit stood at €21.2 million (4% of revenue) at 31 December 2018 versus €32.4 million at 31 December 2017 (6.2% of revenue).

Net financial income stood at €42.5 million at 31 December 2018, compared to €25.7 million as at 31 December 2017. This financial income was essentially made up of dividends paid by the ALTEN subsidiaries (€34.3 million) and reversals of financial provisions (€12.7 million).

Non-recurring income amounted to €1.2 million, compared to €21.5 million at 31 December 2017. It is primarily made up of the

capital gain on the disposal of investments in the X Ange and X Ange Capital 2 investment funds in 2018. In 2017, it mainly comprised the capital gain on the disposal of AUSY shares.

After taking income tax of €13.4 million into account, net income came to €78.3 million, or 14.59% of revenue.

In the balance sheet, financial assets of €231.15 million mainly consisted of investment securities.

As at 31 December 2018, ALTEN SA's net cash position (including financial debts and current accounts) was positive at €51.47 million (€37.2 million as at 31 December 2017).

9.1.4 DEFINITIONS AND COMPARISON OF ALTERNATIVE PERFORMANCE INDICATORS WITH IFRS INDICATORS

The ALTEN Group uses alternative performance indicators to monitor its operational activity. The Group feels that these indicators provide additional information enabling users of periodical financial information to get a more complete picture of the Group's performance. These alternative performance indicators complement the IFRS indicators.

9.1.4.1 Growth in revenue on a like-for-like basis (or organic growth)

Growth on a like-for-like basis (constant scope and exchange rates) is calculated excluding the impact of changes in exchange rates and the scope of consolidation over the period.

The impact of the exchange rate effect is determined by converting the revenue for the period using the average exchange rate of the previous financial year.

The impact of the scope is determined by excluding revenue for the period for acquisitions, and revenue of the previous period for disposals, in order to make the scope of consolidation for the period identical to that of the previous period.

This indicator makes it possible to determine the Group's intrinsic performance regarding activity over the period.

9.1.4.2 Operating profit on activity

Operating profit on activity is the operating profit before expenses relating to share-based payments, income from significant asset disposals, impairment of goodwill, and other significant and non-recurring items recorded under other operating income and expenses.

Since share-based compensation varies markedly from one year to the next, this operating profit on activity presented in the financial statements gives a direct view of the operational performance of the Group by making it comparable from one period to the next.

9.1.4.3 Net cash position (or Net debt)

The net cash position as defined and used by the Group corresponds to the cash and cash equivalents minus gross financial debt (bank borrowings and other related financial debt). This indicator is called "Net cash position" when the amount of cash and cash equivalents is higher than the gross financial debt and "net debt" when the opposite is the case.

9.2 OPERATING PROFIT

9.2.1 SIGNIFICANT FACTORS

The factors that affected business and operating profit are set out in Section 9.1. An analysis by business sector is also available in the "Our customers" chapter of the business report.

9.2.2 MATERIAL CHANGES

None.

9.2.3 EXTERNAL EVENTS

None.

9.3 ALLOCATION OF EARNINGS

The General Meeting of Shareholders will be asked to approve the company financial statements for the year ended 31 December 2018, which closed with a profit of €78,265,812.28.

Source:

- net profit for the financial year: €78,265,812.28;
- retained earnings: €186,074,871.44;
- earnings to be allocated: €264,340,683.72.

Allocation:

- legal reserve: €115,152.97;
- dividends (33,825,747 ordinary shares): €33,825,747.00;
- dividends (2,750 preferred A shares and 1,961 preferred B shares): €2,355.50;
- other reserves: €230,397,428.25.

The gross dividend per ordinary share will be €1.

The gross dividend per Preferred A Share and per preferred B share will be €0.50 gross.

The dividend payment date is set for 24 June 2019.

The ex-dividend date is set for 20 June 2019.

9.4 NON-DEDUCTIBLE EXPENSES

The amount of sumptuary expenses and other non-deductible expenses referred to in Article 39-4 of the French General Tax Code came to €157,784 for ALTEN SA for the 2018 financial year.

9.5 DUE DATES FOR PAYMENT AND BREAKDOWN OF THE BALANCE OF TRADE PAYABLES AND CUSTOMER RECEIVABLES

	Trade payables						Trade receivables					
	Invoices received and not paid at 31 December 2018						Invoices issued and not paid at 31 December 2018					
	0 days	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 days	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)
(A) Payment delay tranches												
Number of invoices concerned	14,305	-	-	-	-	760	8,830	-	-	-	-	2,656
Total amount of invoices concerned incl. tax (in €)	28,148,964.41	4,881,654.97	1,221,396.40	16,137.18	-323,932.19	5,795,256.36	124,801,124.19	12,163,183.22	2,862,213.81	1,195,788.44	366,565.73	16,587,751.20
% of total amount of purchases in financial year incl. tax	11.44%	1.98%	0.50%	0.01%	-0.13%	2.36%	-	-	-	-	-	-
% of revenue of financial year incl. tax	-	-	-	-	-	-	19.20%	1.87%	0.44%	0.18%	0.06%	2.55%
(B) Invoices excluded from (A) relating to payables and receivables that are disputed or have not been entered in the accounts												
Number of invoices excluded	0	0	0	1	1	2	0	0	0	0	119	119
Total amount of invoices excluded incl. tax	0.00	0.00	0.00	9,120.00	13,826.82	22,946.82	0.00	0.00	0.00	0.00	1,346,505.72	1,346,505.72
(C) Reference due dates used												
Due dates for payment used for calculation of payment delays	Contractual periods: 60 days Legal periods: 60 days											

The information contained in the table above only relates to ALTEN SA.

9.6 TABLE OF RESULTS FOR THE PAST FIVE FINANCIAL YEARS

Financial table <i>(in thousands of euros)</i>	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Share capital	35,522	34,383	34,240	34,215	34,140
Number of ordinary shares	33,825,747	33,825,747	33,687,725	33,662,625	33,589,610
Number of Preferred Shares	4,711	2,750	-	-	-
Maximum number of future shares to be created:					
• by convertible bonds	-	-	-	-	-
• by exercising subscription rights	-	-	22,472	57,472	170,687
• by issuance of free shares and Preferred Shares	754,770	585,300	675,240	-	-
Revenue (net of tax)	536,421	522,190	505,595	465,268	434,762
EBITDA	57,607	79,077	65,688	68,652	38,410
Income tax	(13,387)	510	(3,001)	2,924	616
Employee profit-sharing	0	2,545	0	1,768	61
Depreciation, amortisation and provisions charges	(7,272)	(504)	14,145	29,647	5,406
Net earnings	(78,266)	76,526	54,545	34,313	32,327
Distributed earnings	33,828	33,365	33,230	33,224	33,160
Earnings per share after tax and before depreciation and provisions	2.10	2.25	2.04	1.90	1.12
Earnings per share after tax, depreciation and provisions	2.31	2.26	1.62	1.02	0.96
Dividend per share	1.00	1.00	1.00	1.00	1.00
Dividend allocated to each Preferred Share	0.50	0.50	-	-	-
Average headcount during the financial year	5,621	5,535	5,223	4,940	4,738
Total payroll	208,925	199,692	189,551	180,303	179,721
Total payroll and employee benefits	104,520	99,266	88,245	84,100	76,369

CASH FLOW AND CAPITAL RESOURCES

10

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10.1 INFORMATION REGARDING CAPITAL

Information regarding capital is presented in note 6.1 to the consolidated financial statements.

10.2 CASH FLOW

In 2018, the ALTEN Group generated gross cash flow of €242.0 million (10.7% of revenue) compared with €204.2 million in 2017 (10.3% of revenue), up 18.5%.

After consideration of tax paid (€60.5 million) and the increase in working capital requirements of €82.2 million, net cash flow from operating activities stood at €99.3 million.

It represented 4.4% of 91.3 revenue (€91.3 million, or 4.6% in 2017). Strong organic growth in 2018, particularly in the last quarter of 2018, generated significant growth in working capital requirements (€77 million) at constant DSO. DSO deteriorated by one day, increasing from 92 to 93 days, generating a need for additional financing of €7 million.

Net tangible and intangible capital expenditure (CAPEX) stood at €16.8 million, or 0.7% of revenue, close to its normative level (0.8 to 0.9% of revenue).

Net financial investments totalled -€62.7 million. They include funding for acquisitions of €64.2 million.

Dividends paid to shareholders accounted for €33.4 million. Cash flow from financing activities accounted for -€1.2 million. Consequently, the change in the Group's cash position was -€14.8 million in 2018.

At the end of 2018, the ALTEN Group thus had a net cash position of €12.5 million compared with €27.2 million at the end of 2017.

Under IFRS, debts of companies acquired (€0.8 million), as well as the change in current financial liabilities (€50.4 million) constitute resources. Consequently, the change in the Group's cash position under IFRS was €36.4 million.

The cash flow tables may be found in Section 20.3.1 of the consolidated financial statements.

10.3 LENDING CONDITIONS AND FINANCING STRUCTURE

Lending conditions and financing structure are presented in Section 4.2 of the Registration Document.

10.3.1 FINANCING OF ACCOUNTS RECEIVABLE

The Company mostly finances its accounts receivable with shareholders' equity or occasionally uses credit lines as part of *the Club Deal* and/or lines of credit (see Section 4.2 of this Document) in respect of financing of working capital requirements.

10.3.2 FINANCING OF INVESTMENTS

See Section 4.2 of this Document.

10.4 RESTRICTIONS ON USE OF CAPITAL

None.

10.5 SOURCES OF FINANCING

The ALTEN Group has the sources of financing described in Section 4.2 of this Document to finance its future investments.

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CASH FLOW AND CAPITAL RESOURCES

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

11

See Section on "Innovate sustainably", on pages 74 to 81 of this Document.

INFORMATION ON TRENDS

12

12.1 MAIN TRENDS

By the end of 2021, ALTEN expects to pass the critical size of 4,000 engineers in Germany, India and North America and over 2,000 engineers in 10 other major countries. It is planning to develop Near-Shore and Off-Shore Delivery Centres in four countries (with over 1,500 engineers each) and to continue its policy of targeted acquisitions, focusing on key acquisitions.

ALTEN reviewed its 2017-2019 PLAN which has been largely exceeded and plans to have 42,000 engineers by the end of 2021, excluding key acquisitions.

12.2 ELEMENTS LIABLE TO HAVE A SIGNIFICANT IMPACT ON PROSPECTS

None.

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INFORMATION ON TRENDS

EARNINGS FORECASTS AND ESTIMATES

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None.

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EARNINGS FORECASTS AND ESTIMATES

ADMINISTRATIVE AND MANAGEMENT BODIES

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14.1 INFORMATION ABOUT OFFICERS

14.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors is presented in Chapter 16.4.2 of this Registration Document.

14.1.2 MANDATES AND POSITIONS HELD BY CORPORATE OFFICERS

SIMON AZOULAY

Chairman and Chief Executive Officer of ALTEN

Date of first appointment: 19 February 1997 (Director) -22 September 1998 (Chairman and Chief Executive Officer)

Date appointment last renewed: 22 June 2017 (Director and Chairman and Chief Executive Officer)

Expiry of terms of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Director, Chairman and Chief Executive Officer)

Simon AZOULAY, age 62, is a graduate of Supélec.

After having managed the R&D laboratory at Thalès, he founded ALTEN in 1988 with two associates who are also engineers.

Simon AZOULAY has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

Companies	Mandates and positions	Date 1 st appointed
ALTEN EUROPE SARL	Manager	2004
ALTEN FUND FOR ENGINEERING	Chairman of the Board of Directors	2010
ALTEN SOLUCIONES, PRODUCTOS, AUDITORIA e INGENIERIA	Permanent representative of SGTI SAS, a legal entity, acting as <i>Consejero</i>	2014
ALTEN SYSTEMES D'INFORMATION ET RESEAUX SAS	Permanent representative of ALTEN SA, a legal entity, acting as Chairman	2002
ALTEN TRAINING CENTER SARL	Manager	1996
ANOTECH ENERGY GLOBAL SOLUTIONS LTD	Permanent representative of ALTEN EUROPE SARL, a legal entity, acting as Secretary	2006

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Avenir Montmorency SCI,
 - Cakciv SC,
 - SEV 56 SC,
 - SIMALEP SC;
- Chairman of SGTI SAS.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Director of des Systèmes et des hommes SA;
- Manager of ALT1 SC;
- Chairman of SGTI 2 SAS.

GÉRALD ATTIA

Deputy Chief Executive Officer and Director of ALTEN

Responsible for Sales, Structured Projects and International area 2.

Date of first appointment: 23 January 1998 (Director) -21 December 1998 (Deputy Chief Executive Officer)

Date appointment last renewed: 20 June 2018 (Director) -22 June 2017 (Deputy Chief Executive Officer)

Expiry of terms of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Deputy Chief Executive Officer) and the General Meeting to be held in 2022 to approve the financial statements for the last financial year (Director)

Gérald ATTIA, age 56, holds an MBA from Hartford.

He joined the founding partners of ALTEN in 1993.

He is currently a Director and Deputy Chief Executive Officer in charge of Business Development, Structured Projects and International Markets (Zone 2).

Gérald ATTIA has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

Companies	Mandates and positions	Date first appointed
ABACUS BUSINESS SOLUTIONS INC.	Director	2016
ALTEN CALSOFT LABS PRIVATE LIMITED	Director	2016
ALTEN CALSOFT LABS PRIVATE LTD (India)	Chairman of the Board	2011
ALTEN CALSOFT LABS PRIVATE LTD (India)	President	2015
ALTEN CANADA INC.	Director	2012
ALTEN CANADA INC.	President	2018
ALTEN CANADA INC.	Secretary	2018
ALTEN CHINA LTD	Chief Executive Officer	2014
ALTEN INDIA PRIVATE LTD	Director	2010
ALTEN INGENIERIA MEXICO SA DE CV	Chairman	2016
ALTEN POLSKA SP ZOO	Co-manager	2013
ALTEN SI TECHNO ROMANIA SRL	Sole Director	2012
ALTEN SOLUCIONES, PRODUCTOS, AUDITORIA e INGENIERIA SAU	<i>Consejero vocal</i>	2009
ALTEN TECHNOLOGY USA INC.	Director	2013
ALTEN TECHNOLOGY USA INC.	President	2013
ALTEN USA INC.	Director	2013
ALTEN USA INC.	President	2013
APTECH SAS	Chairman	2011
ASM ENTREPRISE SOLUTIONS PRIVATE LIMITED	Director	2016
AVENIR CONSEIL FORMATION ESPANA SL	Administrador	2015
AVENIR CONSEIL FORMATION SAS	Chairman	2010
BLUE AGILITY LLC	Manager	2017
BLUE AGILITY LLC	Chairman of the Board	2017
CALSOFT LABS INC.	Director	2011
CALSOFT LABS INC.	Chairman of the Board	2011
CALSOFT LABS UK PRIVATE LTD	Sole Director	2014
CPRIME	Director	2014
CPRIME	Chairman of the Board	2016
CRESTTEK ENGINEERING SOLUTIONS PRIVATE LIMITED	Director	2016
CRESTTEK LLC	Director	2016
CRESTTEK LLC	President	2016
EDISON ED INCORPORATED	Director	2017
EDISON ED INCORPORATED	Chairman of the Board	2017
HINS HONG KONG CO LTD	Director	2014

Companies	Mandates and positions	Date first appointed
HUBSAN SASU	Chairman	2014
ID APPS SAS	Chairman	2011
KEPLER ENGINEERING SRL	Sole Director	2016
KEPLER ROMINFO SA	Director	2016
PREMIER LOGIC INDIA PRIVATE LIMITED	Director	2017
PREMIER LOGIC LLC	Manager	2017
PREMIER LOGIC LLC	President	2017
PROEX INC.	Director	2016
PROEX INC.	Secretary	2016
PROEX INC.	Chairman	2016
PVR TECHNOLOGIES INC.	Director	2016
PVR TECHNOLOGIES INC.	President	2016
SESAME GROUP LTD	Sole Director	2014
SHANGHAI SHUANGJIE TECHNOLOGY CO LTD	Chairman	2018
SI2CHIP TECHNOLOGIES PRIVATE LIMITED	Director	2018
SIRILAN CORPORATION	Director	2016
SIRILAN CORPORATION	President	2016
STATMINDS	Director	2016
STATMINDS	President	2016
SUHAS AHUJA COMPUTER CONSULTANTS INC.	Director	2016
SYNCRONESS INCORPORATED	Director	2017
SYNCRONESS INCORPORATED	President	2017
TECHNO LIKE US CO LTD	Chairman	2017
XDIN INC.	Director	2017
XDIN INC.	President	2017
XDIN TECHNOLOGY INC.	Director	2017
XDIN TECHNOLOGY INC.	President	2017

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - ASA SCI,
 - GMA SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Manager of:
 - Proxym SARL;
- Permanent representative of ALTEN SA, Director of:
 - Smart Trade Technologies SA,
 - X Ange Capital 2,
 - X Ange Capital SA.

PIERRE MARCEL

Deputy Chief Executive Officer of ALTEN

In charge of ALTEN France and Solutions subsidiaries

Date of first appointment: 28 January 2013 (Deputy Chief Executive Officer)

Date appointment last renewed: 22 June 2017 (Deputy Chief Executive Officer)

Expiry of the term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year (Deputy Chief Executive Officer)

Pierre MARCEL, age 57, joined the ALTEN Group in April 2000.

He has occupied various Operational Director functions within the Group.

He is currently Deputy Chief Executive Officer in charge of ALTEN France and the subsidiaries of the Solutions Division.

Pierre MARCEL has French nationality. He is not a member of the Board of Directors.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

Companies	Mandates and positions	Date 1 st appointed
ALTEN CYBER SECURITY SAS	Chairman	2016
ALTEN CYBER SECURITY SAS	Director	2016
ALTEN LTD	Director	2013
ALTEN SUD OUEST SASU	Chairman	2014
ALTEN TECHNOLOGIES SASU	Chairman	2017
ANOTECH ENEGRY CONGO SA	General Manager	2015
ANOTECH ENERGY BELGIUM SARL	Manager	2018
ANOTECH ENERGY DOHA LLC	Director	2017
ANOTECH ENERGY GLOBAL SOLUTIONS LTD	Director	2006
ANOTECH ENERGY NIGERIA LIMITED	Chairman of the Board of Directors	2014
ANOTECH ENERGY NIGERIA LIMITED	Director	2011
ANOTECH ENERGY SAS	Chairman	2014
ANOTECH ENERGY SERVICES LTD	Director	2017
ANOTECH ENERGY SINGAPORE PVTE LTD	Director	2015
ANOTECH ENERGY USA INC.	Director	2013
ANOTECH ENERGY USA INC.	President (CEO)	2014
ATEXIS FRANCE SAS	Chairman	2010
CADUCEUM SAS	Chairman	2016
CADUCEUM UK LTD	Director	2018
CLOVER CORPORATE SERVICES LLC	Manager	2016
ELITYS CONSULTING SASU	Chairman	2009
GECI INGENIERIA SL	Administrador unico	2014
LINCOLN SASU	Chairman	2016
NUO DAI BUSINESS CONSULTING (SHANGHAI) CO LTD	Executive Director	2016
PEGASE SYSTEMES D'INFORMATION SAS	Chairman	2016

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Amarcis SC,
 - Lomaris SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

EMILY AZOULAY

ALTEN Director - Member of the Remuneration and Nomination Committee

Date of first appointment: 22 June 2011

Date appointment last renewed: 18 June 2015

Expiry of the term of office: General Meeting to be held in 2019 to approve the financial statements for the last financial year.

Emily AZOULAY, age 70, has worked for the ALTEN Group since ALTEN SA was formed in 1988.

Among other positions, she was Sales Manager and Head of Administration and Finance.

Her involvement with the ALTEN Group no longer extends beyond her capacity as a Director.

Emily AZOULAY has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of Sicogex SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group).

None

ANAËLLE AZOULAY

Director of ALTEN until 20 June 2018

Date of first appointment: 18 June 2014

Date appointment last renewed: N/A

End of term of office: 20 June 2018

Anaëlle AZOULAY has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Avenir Montmorency SCI;
- Cakciv SC.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

JANE SEROUSSI

Director of ALTEN

Date of first appointment: 18 June 2014

Date appointment last renewed: 20 June 2018

Expiry of the term of office: General Meeting to be held in 2022 to approve the financial statements for the last financial year.

Jane SEROUSSI, 52 years old, is a business leader.

She has successfully created her own brand. She has been her company's Managing and Financial Director since its inception. The Group is expanding in France and abroad through an exclusive network of branded boutiques.

Jane SEROUSSI has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Cécile et Jeanne SARL,
 - SIAM I SARL.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

MARC EISENBERG

Independent director of ALTEN

Date of first appointment: 18 June 2014

Date appointment last renewed: 20 June 2018

Expiry of the term of office: General Meeting to be held in 2022 to approve the financial statements for the last financial year.

Marc EISENBERG, age 63, began his career as a management consultant.

In 1986, he formed a cost-reduction consultancy in France, which has since become a European leader in its field and of which he was Operating Manager until 2012. He remains a major shareholder to this day.

He also sat on the Nanterre Employment Tribunal from 1995 to 1999 and on the Bobigny Commercial Court from 2000 to 2001.

Marc EISENBERG has French nationality.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

- Manager of:
 - Allice SC,
 - Almalabar SC,
 - Almanagers SC,
 - La Bruyère – Pigalle – Trinité SC,
 - SCI MAZAL,
 - Société Civile Allifond.

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

- Chairman of Almarkup SAS.

EVELYNE FELDMAN

ALTEN independent director – Chairman of the Remuneration and Nomination Committee

Date of first appointment: 24 May 2016

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2020 to approve the financial statements for the last financial year.

Evelyne FELDMAN, age 61, began her career with a human resources consulting firm, then joined the Human Resources Department of one of the leading French retailers (15,000 employees), where she was responsible for recruitment, training, internal mobility and career management over a ten-year period.

She then founded a human resources consulting firm, offering recruitment and training services for clients in a wide range of sectors.

Finally, in 2006, she joined Pôle Emploi, where she provided consulting and support services to engineering and consulting companies in the science sector.

Ms FELDMAN is an active member of Syntec Recrutement.

Evelyne FELDMAN has French nationality.

Mandates and positions held at 31 December 2018**Within the ALTEN Group (excluding ALTEN SA)**

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

PHILIPPE TRIBAUDEAU

Independent director of ALTEN – Member of the Audit Committee – Lead independent director

Date of first appointment: 24 May 2016

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2020 to approve the financial statements for the last financial year.

Philippe TRIBAUDEAU, age 57, has more than 25 years of experience in the Corporate Finance, Investment Banking and M&A fields.

He is authorised by the Financial Services Authority in the United Kingdom.

He spent several years at Merrill Lynch – Bank of America in the United Kingdom, where he served as First Vice-President.

Philippe TRIBAUDEAU has French nationality.

Mandates and positions held at 31 December 2018**Within the ALTEN Group (excluding ALTEN SA)**

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

ALLETTE MARDYKS

Independent director of ALTEN – Chairman of the Audit Committee

Date of first appointment: 22 June 2017

Date appointment last renewed: N/A

Expiry of the term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year.

Ms MARDYKS, 62 years old, has held operational and functional positions at the Airbus Group. She originated the accounting integration project at the Group within a Shared Service Centre launched in November 2008, covering four of the Group's main countries (France, Germany, United Kingdom and Spain). Ms MARDYKS has not held a position at Airbus Group since the end of 2016.

Ms MARDYKS is a French national.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

MARWANE METIOUI

Director representing ALTEN employees

Date of first appointment: 21 December 2017

Date appointment last renewed: 18 October 2018

Expiry of the term of office: 18 October 2022

MARWANE METIOUI, 43 years old, has been employed at ALTEN since June 2010.

He joined the ALTEN Group as a consultant in 2010, carrying out various assignments in Logistics and Quality.

In 2013, he joined the Structured Projects Department as Project Quality Assurance manager within the Group.

Mr METIOUI is a French national.

Mandates and positions held at 31 December 2018

Within the ALTEN Group (excluding ALTEN SA)

None

Other mandates and positions held in any other company (excluding the ALTEN Group)

None

Mandates and positions held during the past five years which are no longer held (excluding ALTEN Group)

None

To the Company's knowledge, the Corporate Officers of ALTEN SA do not hold office in any other listed companies.

14.1.3 DECLARATIONS PERTAINING TO MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT

To the Company's knowledge, at the time this document was prepared and during the last five years: (i) no conviction for fraud has been pronounced against a member of the Board or the General Management, (ii) no member of the Board or General Management has been disqualified by a court from acting as a member of an administrative, management or supervisory body or an issuer or from

acting in the management or conduct of the affairs of an issuer, (iii) no conviction and/or official public sanction has been imposed on a member of the Board or the General Management by statutory or regulatory authorities, and (iv) no member of the Board or General Management has been involved in a bankruptcy, receivership or liquidation.

14.1.4 SPECIFIC INFORMATION REGARDING CORPORATE OFFICERS

Emily AZOULAY and Jane SEROUSSI have family ties with Simon AZOULAY.

There are no other related family members among the Company's Corporate Officers.

For the purpose of their corporate mandates, the Members of the Board of Directors and General Management are domiciled at the Company's registered office.

Transactions in the Company's securities by Executive Officers during the 2018 financial year

Consolidated summary statement of transactions referred to under Article L. 621-18-2 of the French Monetary and Financial Code conducted during the past financial year:

Name of Executive Officer and/or the person cited in Article L. 621-18-2 of the French Monetary and Financial Code	Duties performed at ALTEN	Type of transaction	Total number of instruments	Total amount of transactions (in euros)
Simon AZOULAY	Chairman and Chief Executive Officer	Share regrouping at the end of a temporary donation of usufruct	150,000	0
Gérald ATTIA	Deputy Chief Executive Officer	Pledged Disposal	633,550 45,500	0 3,733,511.60
GMA Société Civile	Legal entity related to Gérald ATTIA, Chief Executive Officer	Disposal	23,900	2,025,175.75
Fabrice PEQUEUR	Head of external development	Disposal	141	10,010.50

14.2 CONFLICTS OF INTEREST

To the Company's knowledge and at the date on which this Document was prepared, no conflicts of interests have been identified between the duties of each of the members of the Board of Directors and General Management in relation to their capacity as Corporate Officers and their private interests or other duties.

To the Company's knowledge and at the date on which this Document was prepared, there are no pacts or agreements concluded with the main shareholders, customers or suppliers under which a member of the Board of Directors or General Management has been designated as such.

To the Company's knowledge and at the date on which this Document was prepared, no restriction has been agreed to by the members of the Board of Directors and the other members of General Management concerning the sale of their interests in the Company's share capital.

Because ALTEN SA refers to the Middelnext Code of Corporate Governance, it complies with the second recommendation in the Code on the prevention, identification and management of conflicts of interest that may arise on the Board of Directors. Members of the

Board have each signed a declaration so as to prevent any conflicts of interest. According to the terms of this declaration, in accordance with the Board's Internal Rules and the first, second and seventh recommendations of the Middelnext Corporate Governance Code, a Director facing such a conflict of interest is obliged to immediately notify the Board and comply with whatever the consequence may be for the performance of his or her corporate office. Thus, depending on the case, he or she will have to refrain from voting on the corresponding deliberation, or not attend the meeting of the Board of Directors during which he or she is in a situation of conflict of interest, or, at the extreme, resign from his or her duties as a Director. In addition, the Chairman of the Board of Directors will not be obliged to send information or documents appertaining to the contentious issue, to Director(s) who he has serious grounds to believe have a conflict of interest, and shall inform the Board of Directors that such information or documents have not been sent.

The Board of Directors also created the position of Lead Director (see Section 16.4.2 of this Document) at its meeting on 25 April 2018. Said director's main role is to prevent potential or proven conflicts of interest.

COMPENSATION AND BENEFITS

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15.1 COMPENSATION POLICY

15.1.1 COMPENSATION CRITERIA AND PRINCIPLES FOR CORPORATE OFFICERS AND EXECUTIVE MANAGEMENT

Pursuant to Article L. 225-37-2 of the French Commercial Code, the General Meeting of 18 June 2019 will be asked to approve (on the basis of this Section 15.1.1) the principles and criteria for deciding, allocating and awarding the fixed, variable and exceptional elements composing the overall compensation and benefits of any kind that may be awarded to the Executive Corporate Officers (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) in respect of their office.

ALTEN has summarised these items in the "Compensation policy" described below. This policy applies to the Corporate Officers of ALTEN SA (the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers) and to the Group's senior executives, *i.e.* members of the Executive Committee and their direct reports. Together they represent the executive management of the ALTEN Group.

For the avoidance of doubt, only the principles and criteria set out below for Executive Corporate Officers are subject to shareholder approval (*ex ante* vote).

This compensation policy aims to offer attractive compensation to recruit and retain a high calibre of executive management who will

be able to implement the Group's strategy, and to provide compensation in keeping with the position held.

This objective is part of a process to build a link between compensation levels and the company's overall performance, and accordingly to create value for shareholders. It also takes individual performance into account.

The Group's multi-year development plan is based on profitable growth (both organic and through acquisitions). For this reason, executive management compensation is in part based on the Group's economic performance.

In addition, to ensure that the interests of executive management align with those of the shareholders over the long-term, ALTEN has implemented four-year performance share plans based on meeting performance and continued employment criteria ("LTIP" below).

ALTEN has therefore endeavoured to create a simple, transparent and understandable compensation framework for all stakeholders (beneficiaries, employees and shareholders).

The key compensation components for the Group's executive management and corporate officers are:

Purpose and connection with the strategy	Description	Performance indicators
Fixed compensation		
Basic Salary To recruit and retain a high calibre of executive management able to implement the Group's strategy, and to provide compensation in keeping with the position held.	The base salary (and subsequent increases) reflects the level of responsibility in relation to the position held, the value of the individual in terms of performance, skills and experience. It also takes the company's overall performance into account, along with its size, organisation and complexity. The base salary is subject to an annual review, which considers the compensation levels within the Group, the results of the business, market conditions and the impact on overall compensation. A review of compensation levels at companies of similar size, complexity and activities is conducted to determine market trends. An exceptional review may take place during the year to reflect an increase in the scope of responsibility or account for an expansion of the individual's role, etc. The base salary includes compensation in respect of any appointments held within the Group, such as directors' fees paid by ALTEN's subsidiaries.	N/A

Purpose and connection with the strategy	Description	Performance indicators
<p>Benefits of any kind</p> <p>To recruit and retain a high calibre of executive management to implement the strategy by offering competitive benefits in kind.</p>	<p>Benefits are determined by taking into account local practice in the country where the duties are performed. They include a company vehicle (including insurance, fuel and related costs) in keeping with the position held, company housing when the employee must frequently work at a location a long distance from where they were hired, enrolment in health insurance plans established within the entity where the duties are performed, under the same terms as those enjoyed by employees.</p> <p>Travel expenses may be paid when incurred during the performance of duties. Extraordinary cash compensation may be paid to cover reasonable expenses.</p> <p>Tables set the maximum authorised levels of benefits in kind for managerial staff. There is no maximum level for Corporate Officers. However, the Board of Directors ensures that benefits in kind are appropriate and proportional.</p> <p>If assignments are performed outside of the country, daily subsistence allowances may be allocated. They are payable in cash, with the annual amount capped at 40% of Basic Salary⁽¹⁾</p>	N/A
<p>Pension/retirement</p> <p>To offer market-level compensation and support the recruitment and retention of executive management.</p>	<p>No specific scheme has been established, aside from statutory plans open to all employees, for which participation is authorised for executive management of the entity in question.</p> <p>Corporate Officers do not benefit from top hat retirement benefits.</p>	N/A

(1) This cap only covers persons linked to a French company who receive compensation as a result.

Purpose and connection with the strategy	Description	Performance indicators
Performance-based compensation		
<p>Annual bonus</p> <p>Incentives to achieve short and long-term objectives (financial and non-financial).</p> <p>Align compensation costs to the value created for shareholders.</p>	<p>Bonuses are paid in cash at the end of reference periods.</p>	<p>The Board of Directors has not established short-term variable compensation for Executive Corporate Officers.</p> <p>This policy is justified by the fact that for many years they have carried out the Group strategy and have successfully demonstrated their ability to do so without compensation based on short-term objectives. All executive management, apart from ALTEN Executive Corporate Officers, benefit from a four-year motivation and incentive plan which awards free Preferred B Shares (see below) as well as free shares (2018 Plan) and variable annual compensation based on achieving individual performance goals.</p> <p>These performance goals are based on creation of value as measured by financial (increasing operating margins) and non-financial criteria (project implementation, improved operational indicators).</p> <p>The objectives are weighted annually and take into account the operational and financial challenges in the coming year.</p> <p>A scale to assess progress toward achieving these goals is established and consequently triggers the bonus level.</p>
<p>Extraordinary compensation</p> <p>To reward an executive manager's completion of an exceptional project in line with the Group's strategy.</p>	<p>The Board of Directors, after hearing the opinion of the Remuneration and Nomination Committee (for Executive Corporate Officers) or General Management (for other executive management), may award extraordinary compensation for completion of an exceptional project in line with the Group's strategy (such as closing a key acquisition).</p> <p>This compensation is paid in cash and may not exceed 100% of basic salary.</p> <p>The payment of any exceptional compensation that may be awarded to Executive Corporate Officers in respect of their office for a given financial year is subject to approval by the Ordinary General Meeting of the compensation paid or allocated to them for that year (<i>ex post</i> vote).</p>	<p>N/A</p>

Purpose and connection with the strategy	Description	Performance indicators
<p>Long Term Incentive Plan (LTIP)</p> <p>To align the interests of executive management and shareholders by promoting value creation over the long term.</p>	<p>LTIPs take the form of free share allocations (preferred or ordinary shares). Whatever the instrument, LTIPs are based on meeting four-year performance and continued employment criteria. Existing LTIPs include “2018” ordinary share allocations (“AGA 2018”) or Preferred B Share allocations B (“ADP B”).</p> <p>ADP B: convertible into a maximum of 100 ordinary shares for one Preferred Share based on the achievement of performance criteria and continued employment criteria over four years. The ADP B conversion rules and the associated performance criteria were approved by the company shareholders at the Combined Ordinary and Extraordinary General Meeting held on 24 May 2016.</p> <p>AGA 2018: free allocations of ordinary shares subject to conditions of performance and continued employment (2018 Plan).</p> <p>ALTEN corporate officers are not eligible for AGA 2018</p> <p>Rules governing the allocation of 2018 Plan free shares and the related performance criteria on which vesting is based, were approved by the company shareholders at the Combined Ordinary and Extraordinary General Meeting held on 20 June 2016.</p>	<p>The vesting of ADP B is subject to continued employment by the Group on the date of the ADP’s two-year anniversary.</p> <p>Preferred B shares can then be converted after a two-year lock-up period. The conversion ratio for a Preferred Share is based on achievement of financial performance criteria and on continued employment on the date the conversion period begins. Departure after the start of the conversion period shall result in a division of the conversion ratio, by up to 100.</p> <p>The financial criteria include an increase in consolidated revenue (weighted 20%) and growth of Consolidated Operating profit on Activity (weighted 80%) between the reference years stated in the plan.</p> <p>A range of objectives is set for each criteria, with a floor and a ceiling. It is capped at a 100% conversion rate.</p> <p>The range is based on the ALTEN strategic plan, with more demanding criteria.</p> <p>The number of ordinary shares vested at the end of the four-year vesting period (no lock-up period) will be calculated by multiplying the number of shares awarded during the initial allocation by the Performance Coefficient.</p> <p>This Performance Coefficient is the algebraic sum of four coefficients, each with a 25% weighting:</p> <ul style="list-style-type: none"> • the organic growth coefficient (“cCO”); • the operating margin on activity coefficient (“cOMA”); • the free cashflow coefficient (“cFC”); • the QCSR coefficient (“cQCSR”). <p>Details of these coefficients are given in Section 21.2.3.5 of the Registration Document.</p>

The principles and criteria relating to Corporate Officers, presented below, will be submitted for approval by the General Meeting of 18 June 2019 under the terms of the ninth and tenth ordinary resolutions.

15.1.2 COMPONENTS OF COMPENSATION PAID, OR AWARDED, TO EXECUTIVE CORPORATE OFFICERS FOR THE LAST FINANCIAL YEAR

On 18 June 2019, the General Meeting will be asked to approve the fixed, variable or exceptional components of the total compensation and benefits in kind paid, or awarded, to Simon AZOULAY, Chairman and Chief Executive Officer, and Gérard ATTIA and Pierre MARCEL, Deputy CEOs, for exercising their mandates in the past

financial year. These components will be determined in accordance with the compensation criteria and principles approved by the General Meeting of 20 June 2018 in its twelfth and thirteenth ordinary resolutions:

Components of compensation paid, or awarded, to Simon AZOULAY, Chairman and Chief Executive Officer, for the past financial year	Amounts or accounting valuation put to the vote	Presentation
Base salary	€306,478 (amount paid)	Simon AZOULAY's fixed compensation was increased, after a review in late 2018, to recognise the growth in the Group's results and to reflect such results in the compensation paid to its Chairman and CEO, in accordance with the principles defined by the Compensation policy for ALTEN corporate officers
Benefits of any kind	€5,811 (accounting valuation)	The Chairman and Chief Executive Officer is provided with a company vehicle
Components of compensation paid, or awarded, to Gérard ATTIA, Deputy Chief Executive Officer, for the past financial year	Amounts or accounting valuation put to the vote	Presentation
Base salary	€199,974	The fall in Gérard ATTIA's fixed compensation related to major relocation payments received in 2018
Benefits of any kind	€4,046 (accounting valuation)	Deputy Chief Executive Officers are provided with a company vehicle
Components of compensation paid, or awarded, to Pierre MARCEL, Deputy Chief Executive Officer, for the past financial year	Amounts or accounting valuation put to the vote	Presentation
Base salary	€378,172 (amount paid)	Compensation received under an employment contract binding Pierre MARCEL to ALTEN Sud-Ouest as well as to one of the Group's English subsidiaries
Benefits of any kind	€5,394 (accounting valuation)	Deputy Chief Executive Officers are provided with a company vehicle

The components of compensation paid, or awarded to Executive Corporate Officers for the past financial year, presented below, will be submitted for approval by the General Meeting of 18 June 2019 under the terms of the sixth to eighth ordinary resolutions.

15.2 COMPENSATION PAID AND BENEFITS IN KIND

SUMMARY TABLE OF COMPENSATION PAID AND OPTIONS AND SHARES AWARDED TO EACH CORPORATE OFFICER (AMF TABLE NO. 1)

<i>Simon AZOULAY Chairman and Chief Executive Officer</i>	2018	2017
Compensation due for the financial year	€762,289	€575,811
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
Value of performance shares awarded during the financial year	None	None
TOTAL	€762,289	€575,811

<i>Gérald ATTIA Deputy Chief Executive Officer</i>	2018	2017
Compensation due for the financial year	€288,020	€291,421
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
TOTAL	€288,020	€291,421

<i>Pierre MARCEL Deputy Chief Executive Officer</i>	2018	2017
Compensation due for the financial year	€383,566	€328,658
Value of options awarded during the financial year	None	None
Value of multi-year variable compensation awarded during the financial year	None	None
TOTAL	€383,566	€328,658

SUMMARY TABLE OF COMPENSATION PAID TO EACH CORPORATE OFFICER (AMF TABLE NO. 2)

	2018		2017		2016	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Simon AZOULAY						
Fixed compensation	€306,478 ⁽¹⁾	€306,478 ⁽¹⁾	€120,000	€120,000	€120,000	€120,000
Multi-year variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid to SGTI (controlled by Simon AZOULAY) by controlled companies	€337,500 ⁽²⁾	€450,000	€412,500 ⁽³⁾	€450,000 ⁽³⁾	€412,500 ⁽⁴⁾	€450,000 ⁽⁴⁾
Benefits in kind ⁽⁵⁾	€5,811	€5,811	€5,811	€5,811	€5,811	€5,811
TOTAL	€649,789	€762,289	€538,311	€575,811	€538,311	€575,811

(1) Simon AZOULAY's fixed compensation was increased, after a review in late 2018, to recognise the growth in the Group's results and to reflect such results in the compensation paid to its Chairman and CEO, in accordance with the principles defined by the Compensation policy for ALTEN corporate officers.

(2) o/w €37,500 received in 2018 for the 2017 financial year; In 2019, SGTI received the remainder of the fees for 2018, amounting to €150,000.

(3) Fees received by SGTI; in 2018, €37,500 was yet to be received for 2017.

(4) Directors' fees received for the 2016 financial year by SGTI, a company of which Mr AZOULAY is Chairman and sole shareholder, and SGTI 2, a company of which Mr AZOULAY was Chairman and sole shareholder and which was dissolved in May 2016; In January 2017, SGTI received €37,500 for 2016.

(5) Company vehicle.

	2018		2017		2016	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Gérald ATTIA						
Fixed compensation	€199,974	€199,974	€203,269	€203,269	€205,118 ⁽¹⁾	€205,118
Multi-year variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid by controlled companies	€84,000 ⁽²⁾	€84,000 ⁽³⁾	€84,000 ⁽⁴⁾	€84,000 ⁽²⁾	€84,000 ⁽⁵⁾	€84,000 ⁽⁴⁾
Benefits in kind ⁽⁵⁾	€4,046	€4,046	€4,152	€4,152	€4,152	€4,152
TOTAL	€288,020	€288,020	€291,421	€291,421	€293,270	€293,270

(1) Directors' fees received in January 2018 for the 2017 financial year.

(2) Directors' fees received in February 2019 for the 2018 financial year.

(3) Directors' fees received in January 2017 for the 2016 financial year.

(4) Directors' fees received in January 2016 for the 2015 financial year.

(5) Company vehicle.

	2018		2017		2016	
	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due
Pierre MARCEL						
Fixed compensation ⁽¹⁾	€378,172	€378,172	€323,264	€323,264	€324,006	€324,006
Multi-year variable compensation	None	None	None	None	None	None
Multi-year variable compensation	None	None	None	None	None	None
Extraordinary compensation	None	None	None	None	None	None
Directors' fees paid by controlled companies	-	-	-	-	-	-
Benefits in kind ⁽²⁾	€5,394	€5,394	€5,394	€5,394	€5,254	€5,254
TOTAL	€383,566	€383,566	€328,658	€328,658	€329,260	€329,260

(1) Taking into account Mr MARCEL's compensation under his employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA since 1 April 1996. Mr MARCEL also has an employment contract with a Group subsidiary, in respect of which he received a sum of €144,000 in 2018.

(2) Company vehicle.

DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

During the General Meeting of Shareholders of 22 June 2017, the amount of the Directors' fees was set at €150,000 for the 2017 financial year and subsequent financial years until a decision by the General Meeting to modify this amount.

On the advice of the Remuneration and Nomination Committee, on 19 February 2019, the Board of Directors renewed the rules governing the distribution of fees between Directors, as shown in the Board of Directors' internal rules.

Directors' fees are allocated according to the amount of time that each Director spends on his or her tasks, partly based on attendance and, where applicable, on the completion of certain specific tasks.

This Board increased the maximum amount of directors' fees liable to be paid to Directors who are Committee members, by €6,000, given the number of meetings per year and the involvement that these meetings require of their members.

Directors linked to ALTEN by an employment contract or a management mandate do not receive directors' fees.

The rules on the distribution of directors' fees are:

- €1,500 per Board meeting attended is allocated to each Independent director, and the amount is increased to €3,000 for each attendance by the Director beyond the threshold of 75% attendance;
- €1,000 per Board meeting attended is allocated to each Non-executive director, and the amount is increased to €2,000 for each attendance by the Director beyond the threshold of 75% attendance;
- no directors' fees for Executive directors (linked to ALTEN by a Director mandate and/or an employment contract);
- €1,500 per Director, with an annual limit of €6,000 per Director, is allocated for each Remuneration and Nomination Committee meeting attended;
- €1,500 per Director, with an annual limit of €6,000 per Director, is allocated for each Audit Committee meeting attended;
- in the event of the creation of new specialised committees, the Board, at the suggestion of the Remuneration and Nomination Committee, may add to these rules.

Amounts due to each Director for the 2018 financial year are indicated in the table below.

Lastly, ALTEN reimburses Directors' travel expenses on presentation of receipts.

**DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS
(AMF TABLE NO. 3)**

Non-Executive Corporate Officers	Gross amounts paid during the 2018 financial year (for the 2017 financial year)	Gross amounts paid during the 2019 financial year (for the 2018 financial year)
Evelyne FELDAMN		
Directors' fees	€15,000	€16,500
Other compensation	None	None
Philippe TRIBAUDEAU		
Directors' fees	€10,500	€10,500
Other compensation	None	None
Aliette MARDYKS		
Directors' fees	€9,000	€16,500
Other compensation	None	None
Marc EISENBERG		
Directors' fees	€6,000	€13,500
Other compensation	None	None
Jane SEROUSSI		
Directors' fees	€8,000	€9,000
Other compensation	None	None
Emily AZOULAY		
Directors' fees	€8,000	€12,000
Other compensation	None	None
Anaëlle AZOULAY		
Directors' fees	€8,000	€2,000
Other compensation	None	None
Marwane METIOUI		
Directors' fees	Not applicable	Not applicable
Other compensation	Compensation received under the employment contract	Compensation received under the employment contract
TOTAL	€64,500	€80,000

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER DURING
THE FINANCIAL YEAR BY THE ISSUER AND ANY GROUP COMPANY (AMF TABLE NO. 4)**

None.

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY EACH EXECUTIVE CORPORATE OFFICER DURING
THE FINANCIAL YEAR (AMF TABLE NO. 5)**

None.

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER (AMF TABLE NO. 6)

None.

**PERFORMANCE SHARES MADE AVAILABLE DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER (AMF TABLE
NO. 7)**

None.

EMPLOYMENT CONTRACTS OF EXECUTIVE CORPORATE OFFICERS, COMPENSATION AND/OR BENEFITS DUE OR LIABLE TO BE DUE ON ACCOUNT OF TERMINATION OR CHANGE IN THEIR DUTIES OR OTHER (AMF TABLE NO. 11)

Executive Corporate Officers	Employment contract	Supplementary pension plan	Compensation or benefits owed or likely to be owed due to termination or change in duties	Compensation related to a non-competition provision
Simon AZOULAY Chairman and Chief Executive Officer Start date of mandate: 22 September 1998 Expiry of term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year	None	None	None	None
Gérald ATTIA Deputy Chief Executive Officer Start date of mandate: 21 December 1998 Expiry of term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year	None	None	None	None
Pierre MARCEL Deputy Chief Executive Officer Start date of mandate: 28 January 2013 Expiry of term of office: General Meeting to be held in 2021 to approve the financial statements for the last financial year	Yes ⁽¹⁾	None	None ⁽²⁾	None

(1) Pierre MARCEL's employment contract with ALTEN Sud-Ouest, a wholly-owned subsidiary of ALTEN SA, established prior to his appointment as Deputy Chief Executive Officer, relates to his role as Director at ALTEN Sud-Ouest since 1 April 1996. Mr MARCEL also has an employment contract binding him to one of the Group's subsidiaries.

(2) The statutory benefit owing in the event of termination of Pierre MARCEL's employment contract, would amount to a maximum of eighteen months' fixed salary.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE 10 EMPLOYEES (OTHER THAN CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS, AND OPTIONS EXERCISED BY THESE BENEFICIARIES (AMF TABLE NO. 9)

None

HISTORY OF PAST STOCK OPTION GRANTS AT 31 DECEMBER 2018 (AMF TABLE NO. 8)

None

HISTORY OF PAST FREE SHARE GRANTS AT 31 DECEMBER 2018 (AMF TABLE NO. 10)

	Allocation of free shares			Allocation of Preferred A Shares			Allocation of Preferred B Shares				
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 4	Plan 2	Plan 3	Plan 5	Plan 6	Plan 7	Plan 8
Under the authorisation received from the General Meeting held on 24 May 2016											
Date of the Board of Directors' meeting	27/07/2016	20/09/2016	25/04/2018	27/07/2016	23/12/2016	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017
Total number of shares awarded free of charge of which ⁽¹⁾ :	99,880	74,800	75,320	2,520	230	1,572	500	18	167	729	200
Gérald ATTIA	-	-	-	840	-	-	-	-	-	-	-
Pierre MARCEL	-	-	-	840	-	-	-	-	-	-	-
Vesting date of shares ⁽²⁾	27/07/2017	20/09/2017	25/04/2019	27/07/2017	23/12/2017	27/07/2018	27/10/2018	26/04/2019	26/07/2019	19/09/2019	25/10/2019
Date on which lock-up period ends	27/07/2018	20/09/2018	25/04/2020	27/07/2019	23/12/2019	27/07/2020	27/10/2020	26/04/2021	26/07/2021	19/09/2021	25/10/2021
Number of shares vested at 31 December 2018	49,830	74,800	0	2,520	230	1,461	500	0	0	0	0
Cumulative number of cancelled or void shares (at 31/12/2018)	50,050	0	0	0	0	111	0	0	0	35	0
Remaining shares awarded free of charge at the end of the financial year	0	0	75,320	0	0	0	0	18	167	694	200
Under the authorisation received from the General Meeting held on 20 June 2018											
	2018 Plan										
Date of the Board of Directors' meeting	24/10/2018										
Total number of shares awarded free of charge:	100,450										
Vesting date of shares ⁽³⁾	24/10/2022										
Date on which lock-up period ends	-										
Number of shares vested at 31 December 2018	0										
Cumulative number of cancelled or void shares (at 31/12/2018)	0										
Remaining shares awarded free of charge at the end of the financial year	100,450										

(1) ALTEN's Executive Corporate Officers are not eligible for free share plans. Mr AZOULAY has not received any bonus award of Preferred shares. No bonus award of shares or Preferred Shares has been made to ALTEN's non-Executive Corporate Officers. Furthermore, Executive Corporate Officers eligible for Preferred Shares are required to retain 2% of the ordinary shares resulting from the conversion until the end of their mandates. The number of shares indicated for awards of class A and B Preferred Shares corresponds to the number of performance shares awarded, with a conversion ratio of a maximum of 100 ordinary shares for each Preferred Share (class A or B).

(2) The performance conditions for Preferred A and B Share allocation plans are described below.

(3) The performance conditions are described below.

Restatement of the performance conditions attached to the Preferred A Shares

The conversion of Preferred A Shares into ordinary shares will take place at the earliest on 28 July 2019 on the basis of a conversion ratio determined by the attainment:

- of a **consolidated revenue growth criterion for the period ending 31 December 2018** compared to 31 December 2015 (**20% weighting**), adjusted by a coefficient reflecting the employee's length of service;
- a **consolidated operating profit on activity criterion for the period ending 31 December 2018** compared to 31 December 2015 (**80% weighting**), adjusted by a coefficient reflecting the employee's length of service; and
- **an employment criterion** (presence coefficient).

One Preferred A Share will entitle the holder to a maximum of 100 ordinary shares. Accordingly, for one Preferred Share, the number of ordinary shares will be determined by applying the following formula:

$$CR1 + CR2$$

Where

$$CR1 = CR \times 20\% \times M \times RevCoef \text{ and}$$

$$CR2 = CR \times 80\% \times M \times OPACoef$$

The performance criteria and associated coefficients are presented below:

2018 revenue (€M)	Growth in relation to 2015	Translation coefficient linked to revenue growth (RevCoef)	2018 OPA* (2018) (€M)	Growth in relation to 2015	Conversion coefficient linked to OPA growth ⁽¹⁾ (OPACoef)	Presence-based multiplying coefficient (M) Issue = issue of the Preferred Share	
1,850	20.0%	100%	183	20.0%	100%	By default	0.01
1,810	17.5%	80%	179	17.4%	80%	Presence on 2 nd anniversary of the issue	0.02
1,772	15.0%	60%	175	15.0%	60%		
1,734	12.5%	40%	171	12.1%	40%	Presence on 3 rd anniversary of the issue	1.00
1,695	10.0%	20%	168	10.0%	20%		
<1,695	<10%	0%	<168	<10%	0%		

(1) Operating profit on activity.

Between levels, the coefficient is determined on a straight-line basis.

Restatement of the performance conditions attached to the Preferred B Shares

The conversion of Preferred B Shares into ordinary shares will take place at the earliest on 28 July 2020 on the basis of a conversion ratio determined by the attainment:

- of a **consolidated revenue growth criterion at N+4** compared to the year of allocation of the Preferred B shares (**20% weighting**), adjusted by a coefficient reflecting the employee's length of service;
- of a **consolidated operating profit on activity criterion at N+4** compared to the year of allocation of the Preferred B shares (**80% weighting**), adjusted by a coefficient reflecting the employee's length of service;
- **an employment criterion** (presence coefficient).

One Preferred B Share will entitle the holder to a maximum of 100 ordinary shares. Accordingly, for one Preferred B Share, the number of ordinary shares will be determined by applying the following formula:

$$CR1 + CR2$$

Where

$$CR1 = CR \times 20\% \times M \times RevCoef \text{ and } CR2 = CR \times 80\% \times M \times OPACoef$$

The performance criteria and associated coefficients are presented below:

FOR 2016 ALLOCATIONS

2019 revenue (€M)	Growth in relation to 2015	Translation coefficient linked to revenue growth (RevCoef)	2019 OPA ⁽¹⁾ (€M)	Growth in relation to 2015	Conversion coefficient linked to OPA growth ⁽¹⁾ (OPACoef)	Presence-based multiplying coefficient (M) Issue = issue of the Preferred Share	
1,942	26%	100%	192	26%	100%	By default	0.01
1,880	22%	80%	186	22%	80%		
1,818	18%	60%	180	18%	60%	Presence on 3 rd anniversary of the Issue	0.1
1,757	14%	40%	174	14%	40%		
1,695	10%	20%	168	10%	20%	Presence on 4 th anniversary of the Issue	1.00
<1,695	<10%	0%	<168	<10%	0%		

(1) Operating profit on activity.

Between levels, the coefficient is determined on a straight-line basis.

FOR 2017 ALLOCATIONS

2020 revenue (€M)	2020 revenue growth compared with 2016	Translation coefficient linked to revenue growth (RevCoef)	2020 OPA ⁽¹⁾ (€M)	Growth in 2020 OPA ⁽¹⁾ compared with 2016	Conversion coefficient linked to OPA growth ⁽¹⁾ (OPACoef)	Presence-based multiplying coefficient (M) Issue = issue of the Preferred Share	
2,203	26%	100%	228	26%	100%	By default	0.01
2,133	22%	80%	221	22%	80%		
2,063	18%	60%	213	18%	60%	Presence on 3 rd anniversary of the Issue	0.1
1,993	14%	40%	206	14%	40%		
1,923	10%	20%	199	10%	20%	Presence on 4 th anniversary of the Issue	1.00
<1,923	<10%	0%	<199	<10%	0%		

(1) Operating profit on activity.

Between levels, the coefficient is determined on a straight-line basis.

Reminder of the performance conditions attached to the free shares allocated under the authorisation received from the General Meeting of 20 June 2018 (2018 Plan)

The number of shares vested at the end of the vesting period will be calculated by multiplying the number of shares allocated during the initial allocation by the performance coefficient.

This performance coefficient is the algebraic sum of four coefficients, each with a 25% weighting:

- the organic growth coefficient ("cCO");
- the operating margin on activity coefficient ("cOMA");
- the free cashflow coefficient ("cFC");
- the QCSR coefficient ("cQCSR").

The performance coefficient can also be expressed as the following mathematical formula:

$$cPerf = 0.25 \times (cCO + cOMA + cFC + cQCSR)$$

Where:

Organic growth coefficient – cCO

The organic growth coefficient is based on meeting criteria relating to ALTEN SA's annual rate of organic revenue growth, weighted over four years.

The annual rate of organic growth amounts to the growth in ALTEN SA's consolidated revenue expressed as a percentage, at constant scope and exchange rates.

Operating margin on activity coefficient – cOMA

The operating margin on activity coefficient is based on meeting criteria relating to ALTEN SA's annual consolidated operating margins on activity, weighted over four years.

The annual consolidated operating margin on activity amounts to the ratio of (a) ALTEN SA's consolidated operating profit on activity to (b) ALTEN SA's consolidated revenue; at constant scope.

Free Cashflow coefficient – cFC

The Free Cashflow coefficient is based on meeting criteria relating to ALTEN SA's annual free cashflow rates, weighted over four years.

Free Cashflow amounts to ALTEN SA's consolidated cashflow, less: (a) tax paid, (b) changes in working capital requirements and (c) tangible and intangible capital expenditure (capex). Free Cashflow is calculated at constant scope and without the impact of organic growth.

Cashflow is calculated using ALTEN SA's consolidated net income, on a normative basis, *i.e.* restated for non-recurring or exceptional items, net of tax effect.

The annual Free Cashflow rate is the ratio of (a) Free Cashflow to (b) ALTEN SA's consolidated revenue; at constant scope and exchange rates.

QCSR coefficient – cQCSR

The QCSR coefficient is based on a composite index of 10 of the Quality and Corporate Social Responsibility indicators monitored by the ALTEN Group.

HISTORY OF PAST AWARDS OF SHARE WARRANTS (BSA)

As of this date, there are no share warrant plans in progress.

SHARE WARRANTS GRANTED TO THE TOP 10 NON-CORPORATE OFFICER EMPLOYEES AND THE SHARE WARRANTS THEY HAVE EXERCISED

None.

15.3 PROVISIONS FOR PENSIONS AND RETIREMENT

No specific scheme benefitting Executive Corporate Officers has been put in place. Executive Corporate Officers do not benefit from top hat retirement benefits.

A retirement benefit of €89,225 has been provisioned for Pierre MARCEL. This amount corresponds to the statutory retirement benefits in the SYNTEC Collective Agreement.

15 COMPENSATION AND BENEFITS

OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

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16.1 EXPIRY DATE OF TERMS OF OFFICE

See Section 14.1.2.

16.2 SERVICE LEVEL AGREEMENTS BINDING MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

There are no service level agreements binding members of administrative or management bodies with ALTEN or any of its subsidiaries or stipulating the granting of advantages under such a contract.

16.3 INFORMATION ON COMMITTEES

See Section 16.4.2 below.

16.4 CORPORATE GOVERNANCE

16.4.1 GOVERNANCE

ALTEN refers to the Middelnext Corporate Governance Code revised in September 2016 (hereafter the "Reference Code").

The Middelnext Code is available on the Middelnext website at www.middelnext.com

The Reference Code contains 19 recommendations that specifically concern Executive Corporate Officers and the Board of Directors.

ALTEN complies with all the recommendations of the Reference Code.

Methods of organising governance

As the founding partner of ALTEN, Simon AZOULAY still has a key operational role in the Company's management and development. On this subject, the Board of Directors decided it was necessary for ALTEN's proper governance that the same person hold the positions of Chairman and Chief Executive Officer. Since 2002 ALTEN's Board of Directors has opted to combine the duties of Chairman of the Board of Directors and Chief Executive Officer. General management of the company is exercised by Simon AZOULAY, assisted by two Deputy Chief Executive Officers.

In order to prevent or manage any potential or proven situation of conflict of interests on the Board, with the functions of Chairman and Chief Executive Officer not being dissociated, in April 2018 ALTEN created the function of Lead Director, whose responsibilities are described below.

Committees assisting the General Management

Two committees help the General Management meet its responsibilities: the Executive Committee and the Group Management Board.

The Executive Committee consists, in addition to members of General Management, of Chief Operating Officers and Executive Vice Presidents. It meets at least once a month, and its brief is to analyse commercial and financial results, define the development strategy, targets and the implementation of operational measures.

The Group Management Board is made up of:

- members of the Executive Committee as well as;
- the main international directors;
- Directors of support functions.

Search for a balanced representation of women and men on the Committees assisting General Management

The Group Management Board is currently made up of 15 members, four of whom are women.

ALTEN is keen to promote balanced gender representation in its workforce. Gender equality initiatives in ALTEN are described on pages 48 and 49 of this Document.

ALTEN scored 94 out of 100 in the gender equality index defined by the law “for the freedom to choose your professional future” of 5 September 2018, with close to the highest score for each indicator.

This score is justified by identical career management for men and women within ALTEN.

16.4.2 BOARD OF DIRECTORS

Composition of the board of directors

Article 16 of the Company’s Articles of Association provides that the Board of Directors is composed of no fewer than 3 and no more than 18 members.

At 31 December 2018, the Board consisted of eight Directors appointed by the General Meeting and One Director representing employees, appointed by the Works Council.

Directors appointed by the General Meeting are appointed for a term of four years. The appointment of each Director is the subject of a separate resolution.

The table below presents the composition of the Board of Directors at 31 December 2018:

Director	Age	Gender	Number of ALTEN shares held	Independent	Number of mandates in listed companies (excluding ALTEN)	Audit Committee	Remuneration and Nomination Committee	Start of 1 st mandate	End of current mandate	Years on Board	Attendance rate in 2018
Simon AZOULAY	62	M	5,098,013 (directly and via SGTI, a controlled company)	No	0			19/02/1997	GM 2021	21	100%
Gérald ATTIA	56	M	195,266 (directly and via GMA, controlled company)	No	0			23/01/1998	GM 2022	20	75%
Emily AZOULAY	70	W	2,150	No	0	Yes		22/06/2011	GM 2019	7	100%
Jane SEROUSSI	52	W	0	No	0			18/06/2014	GM 2022	4	100%
Marc EISENBERG	63	M	0	Yes	0			18/06/2014	GM 2022	4	100%
Evelyne FELDAMN	61	W	0	Yes	0		Yes (Chairwoman)	24/05/2016	GM 2020	2	100%
Philippe TRIBAUDEAU	57	M	0	Yes	0	Yes		24/05/2016	GM 2020	2	75%
Aliette MARDYKS	62	W	0	Yes	0	Yes (Chairwoman)		22/06/2017	GM 2021	1	100%
Marwane METIOUI	43	M	0	No	0			21/12/2017	18/10/2022	1	100%

Changes in the composition of the Board of Directors in 2018

Name of Board members	Nature of the change	Effective date	Diversification of Board membership
Gérald ATTIA	Renewal	Combined Ordinary and Extraordinary General Meeting of 20 June 2018	-
Jane SEROUSSI	Renewal	Combined Ordinary and Extraordinary General Meeting of 20 June 2018	-
Marc EISENBERG	Renewal	Combined Ordinary and Extraordinary General Meeting of 20 June 2018	-
Marwane METIOUI (Director representing employees)	Renewal	Works Council of 18 December 2018	-
Anaëlle AZOULAY	End of mandate	Combined Ordinary and Extraordinary General Meeting of 20 June 2018	-

Independent members of the Board of Directors

Note that for purposes of reading the table setting forth the composition of the Board of Directors, the independence criteria used by the ALTEN Board of Directors are defined in the Reference Code as follows:

- has not been, over the past five years, and is not an employee or Executive Corporate Officer of the Company or of a company within the Group;
- does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.);

- the Director is not a leading shareholder of the Company and does not hold a significant percentage of voting rights;
- the Director does not have close ties or a close family relationship with a Corporate Officer or a leading shareholder;
- the Director has not been a Statutory Auditor of the Company during the past six years.

No independent director member of the board of directors has a business relationship with ALTEN.

Independence criteria	Marc EISENBERG	Evelyne FELDAMN	Philippe TRIBAUDEAU	Aliette MARDYKS
Is not and has not been, in the last five years, an employee or Executive Corporate Officer of the Company or another company in the same Group, nor was this the case in the last three years	✓	✓	✓	✓
Does not have and has not had, in the last two years, a significant business relationship with the Company or Group (e.g. customer, supplier, competitor, service provider, creditor, banker, etc.)	✓	✓	✓	✓
Is not a leading shareholder of the Company and does not hold a significant percentage of the voting rights	✓	✓	✓	✓
Has no close or family ties with a Corporate Officer or leading shareholder	✓	✓	✓	✓
Has not served as a Statutory Auditor for the Company in the last six years	✓	✓	✓	✓

At 31 December 2018, the Board of Directors had four independent members out of a total of eight members, i.e. 50% independent members (not taking into account the Director representing employees) and is therefore in compliance with the proportion of independent members recommended by the Reference Code.

The Board of Directors has undergone significant changes over the last four years, incorporating four independent Directors. Whilst the Board aims to increase this rate of independence, having tasked the Remuneration and Nomination Committee with examining the make-up of the Board, the latter is also looking for stability, with a view to the long-term integration of its new members and further improvement of operations.

In just four years, the proportion of independent Directors on the Board has gone from 0 to 50% (not including the Director representing employees).

Diversity policy applied to Board members

For new appointments by the General Meeting, the Remuneration and Nomination Committee aims to propose to the Board Director candidates whose expertise complements existing expertise, while also respecting gender parity and increasing the ratio of Independent Directors.

The table below summarises the expertise of Board Directors. The biography of each of the Directors is in Chapter 14 of the Registration Document.

	Engineering and Technology Consulting	Corporate Management	Mergers & Acquisitions	International experience	Human Resources	Finance	Management
Simon AZOULAY	✓	✓	✓	✓	✓	✓	✓
Gérald ATTIA	✓	✓	✓	✓	✓		✓
Emily AZOULAY	✓	✓					✓
Jane SEROUSSI		✓					✓
Marc EISENBERG		✓	✓	✓		✓	✓
Evelyne FELDAMN					✓		
Philippe TRIBAUDEAU			✓	✓		✓	✓
Aliette MARDYKS		✓		✓		✓	✓
Marwane METIOUI, Director representing employees	✓						

Balanced representation of men and women on the Board of Directors

At 31 December 2018, not including the Director representing employees, the Board of Directors had four women and four men, *i.e.* perfect parity.

The balanced representation of women and men on the Board is one of the selection criteria for candidates for Director positions.

Term and plurality of offices

The term of office for members of the Board of Directors is set in the Internal Rules at four years. This term is adapted to the specificities of the Company, complying with the 10th Recommendation of the Reference Code.

The Directors' terms of office are staggered.

The list of offices held by members of the Board of Directors during the 2018 financial year is found in Chapter 14.1.2 of this Registration Document. Members of ALTEN's Board of Directors do not hold an office in any listed company other than ALTEN.

Professional ethics of Directors

Every Director must respect the rules set out in the Internal Rules of the Board, particularly those regarding insider trading.

Members of the Board have also each signed a declaration so as to prevent any conflicts of interest. Under the terms of this declaration, in accordance with the Board's Internal Rules and the first, second and seventh recommendations of the Reference Code, a Director facing such a conflict of interest is obliged to immediately notify the Board and comply with whatever the consequence may be for the performance of his or her corporate office. Thus, depending on the case, he or she will have to refrain from voting on the corresponding deliberation, or not attend the meeting of the Board of Directors during which he or she is in a situation of conflict of interest, or, at the extreme, resign from his or her duties as a Director. In addition, the Chairman of the Board of Directors will not be obliged to send information or documents appertaining to the contentious issue, to Director(s) who he has serious grounds to believe have a conflict of

interest, and shall inform the Board of Directors that such information or documents have not been sent.

The Board carries out an annual review of known conflicts of interest, in accordance with Article 4.2 of its Internal Rules and the Reference Code. There are currently no conflicts of interest identified between the duties of any member of the Board of Directors with regard to the Company and their private interests.

Ownership of shares

The Internal Rules of the Board recommend the registration of the shares held by Directors.

In addition, ALTEN Executive Corporate Officers all have significant shareholdings (see Chapter 18 of the Registration Document on the positions of each of the Corporate Officers regarding ALTEN shares).

In accordance with Article L. 225-197-1 of the French Commercial Code, the Board has decided that ALTEN Executive Corporate Officers benefiting from Preferred A Shares must retain on the named register 2% of the shares resulting from the conversion of these Preferred Shares, until the end of their terms as Executive Corporate Officers.

Expertise of the Board of Directors

The Internal Rules of the Board of Directors specify the manner in which the Board operates, in addition to applicable legal and regulatory provisions and the Company's Articles of Association.

The internal rules of the Board of Directors were again revised in 2018, in order to take account of the application of the Sapin II law, European market abuse regulations and the creation of two *ad hoc* committees of the Board of Directors and the creation of the function of Lead Director.

The Board of Directors is involved in the following areas:

- the approval of the annual Company and consolidated financial statements, the interim financial statements and management forecast documents;

- the compensation policy for directors and the main executive managers of the Group;
- calling and setting the agenda for General Meetings of Shareholders;
- implementation of a share buyback programme;
- strategic direction for ALTEN and Group strategy, notably discussing major operations envisaged by the Company and keeping abreast of all important events concerning the Company;
- delegations of authority to issue sureties, guarantees and securities subject to certain conditions and limits;
- Company governance, notably the appointment of the Statutory Auditors;
- review and authorisation of proposed acquisitions.

Operation of the Board of Directors

Directors are convened by ordinary letter, fax, e-mail or orally.

Representatives to the Works Council (one management and two non-management representatives) (supervisors and employees) were invited to all meetings of the Board of Directors by e-mail and by registered letter with acknowledgement of receipt.

The Company's Statutory Auditors are invited to all meetings of the Board of Directors in order to allow them to carry out their duties in the best way. Notably, in 2018, they were able to attend the meetings to review or approve the interim or annual financial statements, in accordance with Article L. 823-17 of the French Commercial Code, and the annual Ordinary General Meeting of Shareholders.

To enable members of the Board of Directors to effectively prepare for meetings, the Chairman gives the Directors all information within a reasonable and adequate period of time as required to make decisions and, more generally to carry out their duties in an independent manner. Each Director is able to obtain additional information necessary to perform his or her duties.

The Directors are kept regularly informed between meetings of the Board, whenever Company news so warrants, in accordance with the fourth Recommendation of the Reference Code.

The representatives from the Works Council received the same information within the same time frame as the members of the Board of Directors.

Minutes of Board Meetings are drafted following each meeting and are subject to approval by the Board of Directors at its next meeting.

Work of the Board of Directors

In 2018, the Board of Directors met seven times.

Following the renewal of the mandate of Mr EISENBERG during the General Meeting of 20 June 2018 (resolution 76.87% approved, lower resolution approval rate in 2018 due to attendance at Board meetings below 75% in 2017) ALTEN did work to raise awareness and encourage its Directors to participate in Board meetings. In particular, if Board Members are prevented from physically attending Board of Directors' meetings, they are strongly encouraged to participate *via* video conference. The average attendance rate of Directors was 94% in 2018, up compared with 2017 (84%).

Like every year, the Board notably approved the annual and interim financial statements, as well as the revenue of the first and third quarters of 2018.

It approved the Group's strategic orientations.

It debated external growth and development transactions occurring during the financial year.

It decided to award Preferred Shares to the Group's managerial staff.

It prepared and approved the General Meeting resolutions and notably those regarding the renewal of Directors.

It carried out the annual examination of regulated agreements and commitments.

It reviewed all 19 areas of the Reference Code requiring particular attention.

Finally it approved the compensation policy of Corporate Officers following the proposal of the Remuneration and Nomination Committee, debated the professional and wage equality policy, and reviewed the distribution of Directors' fees.

Committees of the Board

The Board has two *ad hoc* Committees: the Audit Committee and the Remuneration and Nomination Committee.

The Audit Committee

The Board decided, from 26 April 2017, to create an *ad hoc* Audit Committee with the appointment of an Independent Director with the necessary financial expertise and availability to chair this Committee. Alette MARDYKS was appointed by the General Meeting of 22 June 2017 as ALTEN Director. As Independent Director in the sense given in the Reference Code, and due to her professional experience (35 years spent in the Airbus Group, where she successively held a number of operational and functional positions, in various Airbus Group entities: Director of Management Control or Operational Head of Management Control Department), Ms MARDYKS was appointed Chairman of the Audit Committee. On 26 July 2017 the Board acknowledged the definitive constitution of the Audit Committee.

Duties of the Audit Committee

The duties of the Committee, as defined in the Audit Committee Operation Charter, are as follows:

- monitoring the process for preparing financial information and, where necessary, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control, risk management and, where applicable, internal audit systems with respect to the procedures for preparing and processing accounting and financial information, without compromising its independence;
- making a recommendation on the Statutory Auditors nominated for appointment or renewal by the General Meeting;
- monitoring completion by the Statutory Auditors of their duties, taking account of the notes and conclusions of the French High Council of Statutory Auditors after controls carried out in accordance with regulations;

- ensuring respect by Statutory Auditors of conditions of independence, under the conditions and using the methods provided for under regulations;
- approval of the provision of services other than certification of accounts (SOCA): a limited number of SOCA are approved upstream by the Audit Committee; the Committee is informed every year of the SOCA effectively provided. The budget of the assignment involving SOCA is approved by the Financial Director

- of the entity concerned, up to €20,000. Beyond this amount, the budget must receive the approval of the Group Financial Director;
- regularly report to the board on the performance of its duties. It also reports on the results of its accounts certification mission, the way in which this mission has contributed to the integrity of financial information and the role it has played in this process. It immediately informs the Board of any difficulty encountered.

Composition of the Audit Committee

Name	Duties performed in the Committee	Independence
Aliette MARDYKS	Chairman of the Audit Committee	✓
Philippe TRIBAUDEAU	Member of the Audit Committee	✓

The Audit Committee met four times during the last financial year:

Date of the meeting	Agenda
20 February 2018	<ul style="list-style-type: none"> Presentation of the Group's 2017 consolidated financial statements, looking in particular at the significant events of the financial year and the comments of the Statutory Auditors on the results; Presentation of the work of the Statutory Auditors regarding the auditing of the financial statements and specific examinations, notably of the 2017 financial statements; Review of the Group's financial communication.
25 April 2018	<ul style="list-style-type: none"> Review of the 2017 Registration Document; Statutory Auditors' report to the Audit Committee; Review of the independence of the Statutory Auditors; Review of the Group's financial communication - Activity of the first quarter of 2018.
20 September 2018	<ul style="list-style-type: none"> Presentation of Group consolidated interim financial statements; Significant events for the financial year; Comments of Statutory Auditors; Presentation of the works of the Statutory Auditors; Progress report on Internal Financial Control; Review of the Group's financial communication.
17 December 2018	<ul style="list-style-type: none"> Presentation of the Group Information Systems Department; Compliance Projects; Progress report on Internal Control Presentation of IFRS 16, applicable from 1 January 2019 onwards, and of impacts for the Group; Report on the Review of Internal Control by the Statutory Auditors; Review and approval of SOCA categories at 17 December 2018; 2019 Timetable of Audit Committees.

The attendance rate of Audit Committee members at these four meetings was 100%.

	Meeting of 20 February 2018	Meeting of 25 April 2018	Meeting of 20 September 2018	Meeting of 17 December 2018
Aliette MARDYKS	✓	✓	✓	✓
Philippe TRIBAUDEAU	✓	✓	✓	✓
TOTAL	100%	100%	100%	100%

These meetings took place in the presence of the ALTEN Statutory Auditors and the Group Financial Director. Certain Group executives (the Legal Director, IT Director, Head of Compliance and Head of

Financial Internal Control) also participated in the meetings on an *ad hoc* basis. The meetings gave rise to several discussions between members of the Audit Committee and the Statutory Auditors.

The recommendations of the Audit Committee were implemented in full by the Board of Directors.

The Audit Committee met again on 19 February 2019 for the presentation of the Group's annual results to the market on 20 February 2019. It also met before the meeting of the Board of Directors of 24 April 2019 called to approve the notes to the company and consolidated financial statements for 2018, as well as all of the reports that were to be presented to shareholders.

This latter meeting notably covered the drafting of the new report of the Statutory Auditors for the Audit Committee and on the independence of the Statutory Auditors.

Remuneration and Nomination Committee

At its meeting on 21 February 2017, the Board of Directors decided to form a specialised Remuneration and Nomination Committee.

Composition of the Remuneration and Nomination Committee

Name	Duties performed in the Committee	Independence
Evelyne FELDAMN	Chairman of the Remuneration and Nomination Committee	✓
Emily AZOULAY	Member of the Remuneration and Nomination Committee	

The Remuneration and Nomination Committee met three times over the financial year:

Date of the meeting	Agenda
26 January 2018	<ul style="list-style-type: none"> The compensation policy regarding directors, members of the Executive Committee and the main Group officers with a view to issuing its recommendations to the Board prior to the adoption of the compensation policy for 2018; The succession of officers (in the presence of Simon AZOULAY): the Committee initiated, in collaboration with Mr AZOULAY, a review of the succession of officers (Mr AZOULAY and the two Deputy Chief Executive Officers) Composition of the Board of Directors: examination of the composition of the Board with a view to issuing recommendations on whether to renew Directors' mandates expiring at the next General Meeting.
25 April 2018	<ul style="list-style-type: none"> Mandates of Directors and composition of the Board of Directors; New long-term loyalty plan: study of a new long-term loyalty plan.
24 October 2018	<ul style="list-style-type: none"> Employee-shareholder plans.

The attendance rate of Remuneration and Nomination Committee members for these three meetings is 100%.

	Meeting of 26 January 2018	Meeting of 25 April 2018	Meeting of 24 October 2018
Evelyne FELDAMN	✓	✓	✓
Emily AZOULAY	✓	✓	✓
TOTAL	100%	100%	100%

The Remuneration and Nomination Committee has met twice since 1 January 2019:

- on 20 February 2019 during the review of the compensation policy for corporate officers and of elements of compensation awarded in 2018 to these officers. It also reviewed the potential impact of the PACTE bill on the governance of ALTEN and the status of mandates of members of the Board of Directors;
- on 24 April 2019 for an update on the plans relating to the succession of Group Directors.

Duties of the Remuneration and Nomination Committee

This Committee is tasked with assisting the Board on issues related to compensation and appointments, specifically on the following issues:

- compensation policy for officers, members of the Executive Committee and the principal Directors;
- individual compensation for officers, members of the Executive Committee and the principal Directors;
- discretionary profit-sharing and shareholding schemes;
- career management;
- candidate selection process;
- individual appointments;
- composition of the Board of Directors and its committees;
- succession of officers.

Lead Director

In order to ensure a fair balance of powers on the Board of Directors, with the functions of the Chairman of the Board of Directors and the Chief Executive Officer not being dissociated, the Board of Directors' meeting of 25 April 2018 created the function of Lead Director.

The latter is chosen from amongst independent members of the Board of Directors. Mr Philippe TRIBAUDEAU has occupied this function since 20 June 2018.

The tasks of the Lead Director are to:

- ensure that the Chairman of the Board complies with the governance guidelines and participate in the self-assessment process of the Board of Directors;
- prevent potential or proven conflicts of interest;
- request the Chairman to convene a meeting of the Board of Directors to discuss and decide any issue in relation to:
- the governance guidelines;
- potential or proven conflicts of interest concerning members of the Board of Directors.

Since the function of Lead Director was created very recently, so far it has been associated with the annual review of potential conflicts of interest on the Board and with the latter's process of self-evaluation.

Evaluation of the Board

In accordance with the provisions of the eleventh Recommendation of the Reference Code, the Board of Directors regularly, and at least once per year, discusses subjects such as the methods of functioning, composition and organisation of the Board of Directors

and any Committees, its work, its delegations of powers and its decisions. These deliberations are transcribed in minutes.

In 2017, for the first time, a formal assessment process was drawn up involving a self-assessment questionnaire with over forty questions covering four themes (i) composition and independence of the Board (ii) rights and responsibilities of Directors (iii) duties of the Board (iv) discussions of the Board.

The results of this self-evaluation have helped identify areas for improvement in the operation of the Board of Directors. These areas have been debated and planning is underway with a view to the measures to be taken.

This exercise will be repeated in 2019, and any improvements achieved will be noted.

Training

The Board's self-assessment questionnaire highlighted demand on the part of Directors for better knowledge of their roles and duties. The Board therefore decided to encourage the training of all its Directors, offering Directors dedicated training within the Middenext training body.

16.4.3 ORGANISATION OF GENERAL MANAGEMENT

General Management leads the Company and represents it to third parties. It consists of the General Manager, Simon AZOULAY, assisted by two Deputy Chief Executive Officers:

- Gérald ATTIA, who joined the Group in 1993 and who currently occupies the position of Director Responsible for Commercial Development, Structured Projects and International activities (zone 2);
- Pierre MARCEL, who joined the Group in 2000 and currently occupies the positions of Director of ALTEN France and of certain Solutions subsidiaries.

Limitation of the powers of General Management

The Chief Executive Officer and the Deputy Chief Executive Officers are vested with the broadest possible powers to act on behalf of the Company in all circumstances. They exercise their powers within the limit of the corporate purpose and subject to those which the law expressly allocates to meetings of shareholders and of the Board of Directors. They represent the Company in its relations with third parties and before the courts.

The Board's Internal Rules also impose limitations on the powers of the General Management. For example, the Board retains sole responsibility for examining and authorising external growth, development and divestment transactions.

16.4.4 ADDITIONAL INFORMATION

Terms of participation of shareholders at the General Meeting

The Company's Articles of Association (see Chapter 21 of this document) define the terms of participation of shareholders at the General Meeting.

Under the terms of Article 23 of the Articles of Association, the right to take part in General Meetings is granted by registration of shares in the books under the shareholder's or agent's name (in application of paragraph 7 of Article L. 228-1 of the French Commercial Code) by no later than zero hours, Paris time, on the second banking day preceding the General Meeting, either in registered accounts managed by the company or in bearer accounts managed by an authorised agent.

Registration of bearer shares is recorded through a shareholding certificate issued by the authorised agent.

If unable to attend the meeting in person, shareholders may select one of the following three options: (i) give a proxy to a natural person or legal entity of his/her choice in accordance with the conditions of Article 225-106 of the French Commercial Code; (ii) send a proxy to the Company without identifying an agent; (iii) vote by post.

Requests by shareholders to submit draft resolutions or items for the agenda must be sent to the registered office by registered letter with acknowledgement of receipt or by electronic telecommunication and be received no later than 25 days before the General Meeting. They may not be sent more than 20 days after the publication of the convening notice in the BALO.

**16.4.5 SUMMARY TABLE OF DELEGATIONS AND AUTHORISATIONS
TO INCREASE THE SHARE CAPITAL**

	Date of the O&EGM	Date of expiry	Amount authorised	Increases(s) and issue(s) carried out in previous financial years	Increases(s) and issue(s) carried out during the financial year	Residual amount at 31 December 2018
Delegation of authority for the purpose of increasing capital through capitalisation of reserves, earnings or premiums ⁽⁵⁾	22/06/2017	21/08/2019	10% of the share capital at 22/06/2017	None	€1,136,714.80	6.68% of the share capital at 22/06/2017
Delegation for purposes of increasing the share capital through the issue of ordinary shares which, if applicable, confer a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), with pre-emptive subscription rights ⁽⁵⁾	22/06/2017	21/08/2019	25% of the share capital at 22/06/2017 (Nominal amount of shares) €280,000,000 (nominal amount of debt securities)	None	None	25% of the capital at 22/06/2017 (nominal amount of shares) €280,000,000 (nominal amount of debt securities)
Delegation for purposes of increasing the share capital through the issue of ordinary shares giving, where applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or securities (excluding debt securities) giving access to ordinary shares (of the Company or a Group company) with removal of the pre-emptive subscription right and compulsory priority period by public offering ⁽⁵⁾	22/06/2017	21/08/2019	10% of the share capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾	None	None	10% of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾
Delegation for purposes of increasing company capital through the issuance of debt securities conferring a right to ordinary shares to be issued (of the Company or a Group company), with removal of the pre-emptive subscription right by public offering ⁽⁵⁾	22/06/2017	21/08/2019	10% of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾	None	None	10% of the capital at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽²⁾ €280,000,000 (nominal amount of debt securities) ⁽²⁾
Delegation for purposes of increasing the share capital by issuing ordinary shares which, if applicable, confer a right to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities (with the exception of debt securities) confer a right to ordinary shares to be issued (by the Company or by a Group company), with removal of pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code ⁽⁵⁾	22/06/2017	21/08/2019	5% of the capital amount at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾	None	None	5% of the capital amount at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾
Delegation for purposes of issuing debt securities conferring a right to ordinary shares to be issued (by the Company or by a Group company), without pre-emptive subscription rights, by an offering referenced in II of Article L. 411-2 of the French Monetary and Financial Code ⁽⁵⁾	22/06/2017	21/08/2019	5% of the capital amount at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾	None	None	5% of the capital amount at 22/06/2017 (nominal amount of shares) ⁽¹⁾⁽³⁾ €160,000,000 (nominal amount of debt securities) ⁽³⁾
Delegation with a view to increasing share capital to remunerate contributions in kind of shares or securities ⁽⁵⁾	22/06/2017	21/08/2019	5% of capital at 22/06/2017 ⁽¹⁾	None	None	5% of capital at 22/06/2017 ⁽¹⁾

	Date of the O&EGM	Date of expiry	Amount authorised	Increases(s) and issue(s) carried out in previous financial years	Increases(s) and issue(s) carried out during the financial year	Residual amount at 31 December 2018
Delegation for purposes of increasing the capital by the issuance of ordinary shares and/or securities conferring a right in the share capital, without pre-emptive subscription rights, to the benefit of those belonging to a company savings plan, in accordance with Articles L. 3332-18 <i>et seq.</i> of the French Labour Code	22/06/2017	21/08/2019	2% of capital at the date of the Board's decision to carry out this capital increase	None	None	2% of capital at the date of the Board's decision to carry out this capital increase
Authorisation to award ordinary shares free of charge to salaried employees	20/06/2018	19/08/2021	150,000 ordinary shares	None	100,450 ordinary shares	49,550 ordinary shares
Authorisation to award preferred shares free of charge, known as "Preferred B shares" to employees and to some Corporate Officers	24/05/2016	23/07/2019	400,000 ordinary shares ⁽⁴⁾	3,186 Preferred B Shares which could result in a maximum of 318,600 ordinary shares being awarded	None	814 Preferred B Shares which could result in a maximum of 81,400 ordinary shares being awarded ⁽⁴⁾

(1) Charged against the maximum amount of capital increases set at 10% of share capital by the General Meeting of 22 June 2017.

(2) Common ceiling for delegations with removal of the pre-emptive subscription right by public offering.

(3) Common ceiling for delegations with removal of the pre-emptive subscription right by private placement.

(4) The General Meeting of 24 May 2016 set a limit of 252,000 ordinary shares for Executive Corporate Officers; taking into account the bonus awards of 1,680 Preferred A Shares to two Executive Corporate Officers on 27 July 2016 (see Section 15.2), which could result in a maximum of 168,000 ordinary shares being awarded, only 840 Preferred B Shares may be awarded to Executive Corporate Officers on the basis of the authorisation listed in the table above.

(5) Suspension during a public offer.

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OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

EMPLOYEES

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EMPLOYEES HEADCOUNT BREAKDOWN

17.1 HEADCOUNT BREAKDOWN

ALTEN GROUP HEADCOUNT, YEAR-END

	31/12/2018	31/12/2017	31/12/2016
Consultants ⁽¹⁾	29,600	24,700	21,300
Internal staff ⁽²⁾	4,100	3,300	2,700
TOTAL	33,700	28,000	24,000

(1) Salaried headcount performing technical projects on customer premises, for which services are billed to clients.

(2) Internal operating headcount not billed to clients.

DISTRIBUTION OF EMPLOYEE ENGINEERS BY GEOGRAPHIC ZONE

	December 2016	December 2017	June 2018	December 2018	Change over 12 months	
France	9,550	10,200	10,550	11,250	1,100	10.8%
Europe (excluding France)	8,195	10,130	11,030	12,670	2,140	21.1%
Africa & Middle East	450	450	610	660	540	120.0%
Asia/India/China	2,155	2,660	2,850	3,450	860	32.3%
USA/Canada	950	1,260	1,460	1,570	260	20.6%
TOTAL	21,300	24,700	26,500	29,600	4,900	19.8%

17.2 PROFIT-SHARING AND STOCK OPTIONS

See Section 15.2 and 18.1 of this Document.

17.3 AGREEMENT ON EMPLOYEE PROFIT-SHARING

17.3.1 DISCRETIONARY PROFIT-SHARING PLAN

ALTEN has not implemented any discretionary employee profit-sharing plans.

17.3.2 MANDATORY PROFIT-SHARING PLAN

With regard to mandatory employee profit-sharing plans, Group companies with more than 50 employees and which record a profit have implemented profit-sharing plans as required by law.

Companies	Date of agreement	Date of most recent amendment
ALTEN SA	27/05/1992	Amendment No. 12 dated 28/06/2018
ALTEN SIR	12/02/2009	Amendment No. 2 dated 25/10/2011
ALTEN Sud-Ouest	15/12/2001	Amendment No. 3 dated 07/12/2009
Anotech Energy	06/12/2007	Amendment No. 1 dated 01/04/2010
MI-GSO	15/11/2006	Amendment No. 4 dated 19/11/2014
AVENIR CONSEIL FORMATION	20/01/2009	Amendment No. 1 dated 18/03/2010
ATEXIS France	14/12/2009	-
Elitys Consulting	11/03/2011	-
ALTEN Technologies	24/05/2017	
AIXIAL	07/06/2013	
APTECH	27/01/2016	
CADUCEUM	30/06/2017	Amendment No. 1 dated 27/04/2018
LINCOLN	28/06/2011	

In addition, all companies benefit from the “FCP Sécurité” and “FCP Solidaire” mutual funds.

Employee profit sharing can be allocated to a company savings plan (PEE) and used to acquire FCPE shares.

For a majority of Group companies, the FCPEs available under the company savings plan (PEE) are:

- FCP ALTEN;
- FCPE Multipar Monétaire Euro;
- FCPE Multipar Diversifié Modéré – Part I;
- FCPE Multipar Équilibre Socialement Responsable – Part C;
- FCPE Multipar Solidaire Dynamique Socialement Responsable – Part C.

All of these funds have been approved by the AMF.

AMOUNTS PAID TO EMPLOYEES UNDER EMPLOYEE PROFIT-SHARING PLANS OVER THE PAST THREE YEARS

ALTEN SA	2018	2017	2016
Employee profit-sharing (<i>in thousands of euros</i>)	0	1,915	0

17.4 COLLECTIVE AGREEMENTS

ALTEN SA	ALTEN SIR	ALTEN SUD-OUEST	MI-GSO
Amendment No. 12 to the employee profit-sharing plan (see Section 17.3.2): 28/06/2018	Right to disconnect agreement of 22/10/2018	No agreement was signed in 2018	Agreement relating to the right to disconnect 16/10/2017

17.5 SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE ALTEN SA ACTIVITY

17.5.1 EMPLOYMENT WITHIN ALTEN SA

	Headcount	
Total headcount as of 31/12/2018	5,930	
Employees recruited on permanent contracts	2,935	
Employees recruited on fixed-term contracts	83	
Employees recruited on vocational training and internship contracts	82	
Total departures	2,550	%
Resignations	1,389	54.47%
Redundancies	78	3.06%
End of trial period	388	15.22%
End of fixed-term employment contract	68	2.67%
End of vocational training and internship contract	56	2.20%
Other (including transfers)	571	22.39%

17.5.2 EMPLOYMENT AND RECRUITMENT OF FOREIGN EMPLOYEES

At 31 December 2018, there were 646 employees of foreign nationality, including 295 from outside the European Union, in ALTEN SA's headcount.

	Headcount
French employees	5,284
Foreign employees	646
EU	351
Non-EU	295

17.5.3 EMPLOYMENT AND INTEGRATION OF EMPLOYEES WITH DISABILITIES WITHIN ALTEN SA

In 2018, eighteen of its employees were declared as having a disability.

The Company pursued its initiatives for raising of awareness, intended for all employees. A communication unit for disability was put into place. It is open to any employee wishing to obtain information on the subject, and makes it possible to have an appointment, in full confidentiality, with a person who is specialised in the area of disability.

In parallel, ALTEN SA is pursuing its partnerships with businesses in the sheltered sector, by entering into contracts with them for the provision of subcontracting and services.

ALTEN SA paid a contribution of €1,781,951 to the French disability agency AGEFIPH for 2018.

17.5.4 WORKING TIME

	Number	
Full-time employees	5,866	
Part-time employees	64	
>20 hours	56	
<20 hours	8	
Overtime worked	11,538.76	
Absenteeism:	Number (days)	%
Sabbaticals, paternity leave, family events	4,479	9.12%
Maternity leave	8,675	17.67%
Sick leave	19,586	39.89%
Work accident	677	1.38%
Commuting accidents	512	1.04%
Other causes (unpaid leave)	15,171	30.90%
Total absenteeism	49,100	An average 8.75 days of absence per absent employee

17.5.5 EMPLOYEE RELATIONS

At ALTEN SA, 18 Works Council meetings and 12 meetings with staff representatives took place during 2018.

17.5.6 HEALTH AND SAFETY

ALTEN SA's Health and Safety Committee met 13 times in 2018. The Health and Safety Committees of Group subsidiaries that have reached regulatory thresholds meet at legally mandated intervals.

The majority of consultants work on customer premises, in laboratories or offices. Other employees working on Company premises provide functional services.

Given ALTEN SA's business activities, and also in principle, its employees are not subject to difficult working conditions or the performance of repetitive tasks.

17.5.7 COMPENSATION, MANDATORY AND DISCRETIONARY PROFIT-SHARING AND SAVINGS PLAN

At 31 December 2018, payroll taxes amounted to €103,795 thousand.

Most of the Group companies – those with more than 50 employees – have implemented mandatory profit-sharing plans and company

savings plans with the possibility of voluntary payments. Employees may choose to invest in the ALTEN FCPE or in mutual funds with specific profiles (money market – conservative – growth).

17.5.8 SUBCONTRACTING AND TEMPORARY STAFF

ALTEN SA mainly uses subcontractors from within the Group. For 2018, subcontracting costs came to €112,516 thousand.

The ALTEN Group ensures that its subsidiaries comply with the fundamental provisions of national and international labour laws in their relations with subcontractors.

ALTEN SA ensures that its subcontractors and affiliates comply with a Code of Ethics, especially the provisions of the ILO, given that

most engineers are from European Union member countries that have adopted the ILO's fundamental principles.

Expenditure related to the use of temporary workers by ALTEN SA amounted to €314 thousand in 2018.

The social and environmental impacts of the ALTEN Group's business are presented on pages 44 *et seq.* of this Document.

MAIN SHAREHOLDERS

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18.1 SHAREHOLDING STRUCTURE

18.1.1 SHAREHOLDING

18.1.1.1 Situation at 31 March 2019

	Number of ordinary shares	% of capital	Theoretical voting rights	% theoretical voting rights	Voting rights in GM	% of voting rights in GM
PUBLIC	21,907,253	64.76%	21,992,936	56.37%	21,992,936	57.05%
SGTI ⁽¹⁾	3,498,962	10.34%	6,997,924	17.93%	6,997,924	18.16%
Simon AZOULAY and related parties ⁽²⁾	1,599,051	4.73%	3,198,102	8.20%	3,198,102	8.30%
SUBTOTAL (SIMON AZOULAY AND RELATED PARTIES)	5,098,013	15.07%	10,196,026	26.13%	10,196,026	26.46%
FMR LLC	1,949,362	5.76%	1,949,362	5.00%	1,949,362	5.06%
BlackRock Inc.	1,744,065	5.16%	1,744,065	4.47%	1,744,065	4.52%
Amundi	1,160,682	3.43%	1,160,682	2.98%	1,160,682	3.01%
Allianz Global Investors	1,021,126	3.02%	1,021,126	2.62%	1,021,126	2.65%
Treasury shares	462,705	1.36%	462,705	1.19%	-	-
Employees ⁽⁴⁾	308,986	0.91%	305,955	0.78%	305,955	0.79%
Gérald ATTIA ⁽³⁾	176,266	0.52%	176,266	0.45%	176,266	0.45%
Emily AZOULAY	2,000	0.01%	4,000	0.01%	4,000	0.01%
TOTAL	33,830,458*	100.00%	39,013,123	100.00%	38,550,418	100.00%

* Including:

Number of Preferred A Shares (without voting rights)	2,750 ⁽⁵⁾
Number of Preferred B Shares (without voting rights)	1,961

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 31 July 2020 (see AMF Decision No. 217C1398); ENIO represents 3.35% of the capital and 5.88% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to the endowment fund ARBRE as part of a temporary gift of usufruct due to be returned on 31 July 2021, and (iii) 301,500 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to the ARBRE endowment fund as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 140,982 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

(4) Participation calculated in accordance with Article L. 225-102 of the French commercial code, including the collective participation of employees via the ALTEN FCPE, shares held by employees, registered in the name of the holder, from definitive allocations of free shares by virtue of the authorisations of the General Meeting of 24 May 2016, as well as the Preferred A and B Shares (stripped of voting rights) held by employees, registered in the name of the holder at 31 March 2019.

(5) Including 840 Preferred A Shares held by Gérald ATTIA and 840 Preferred A Shares held by Pierre MARCEL, Deputy Chief Executive Officers.

There have been no significant changes in the position of capital and voting rights since 31 March 2019.

To the Company's knowledge, none of the shareholders, other than those mentioned in the above table or its references, hold directly or indirectly, individually or in concert, more than 3%⁽¹⁾ of the Company's capital or voting rights.

Cash management shares

As of 31 December 2018, no ALTEN subsidiary held any ALTEN shares.

(1) Internal threshold detailed in Article 9 of the Articles of Association.

18.1.1.2 Position at 31 December 2018

ALTEN carried out an Identifiable Bearer Shares procedure dated 31 March 2018.

This procedure, carried out on shareholders representing 93% of the ALTEN share capital (some 200 shareholders), showed that on this date ALTEN was 43% held by French residents and 57% by foreign

residents, and 70% by institutional investors and 30% by private shareholders.

Persons who, as of 31 December 2018, directly or indirectly held more than 3%, 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights at General Meetings are named below.

	Number of ordinary shares	% of capital	Theoretical voting rights	% theoretical voting rights	Voting rights in GM	% of voting rights in GM
PUBLIC	23,662,365	69.94%	23,748,749	60.87%	23,748,749	61.62%
SGTI ⁽¹⁾	3,498,962	10.34%	6,997,924	17.93%	6,997,924	18.16%
Simon AZOULAY and related parties ⁽²⁾	1,599,051	4.73%	3,198,102	8.20%	3,198,102	8.30%
SUBTOTAL (SIMON AZOULAY AND RELATED PARTIES)	5,098,013	15.07%	10,196,026	26.13%	10,196,026	26.46%
FMR LLC	1,928,430	5.70%	1,928,430	4.94%	1,928,430	5.00%
Amundi	1,134,540	3.35%	1,134,540	2.91%	1,134,540	2.94%
Allianz Global Investors	1,021,126	3.02%	1,021,126	2.62%	1,021,126	2.65%
Treasury shares	473,852	1.40%	473,852	1.21%	-	-
Employees ⁽⁴⁾	314,716	0.93%	311,685	0.80%	311,685	0.81%
Gérald ATTIA ⁽³⁾	195,266	0.58%	195,266	0.50%	195,266	0.51%
Emily AZOULAY	2,150	0.01%	4,300	0.01%	4,300	0.01%
TOTAL	33,830,458 *	100.00%	39,013,974	100.00%	38,540,122	100.00%

* Including:

Number of Preferred A Shares (without voting rights)	2,750 ⁽⁵⁾
Number of Preferred B Shares (without voting rights)	1,961

(1) Company controlled at the highest level by Simon AZOULAY.

(2) Including (i) 1,133,550 shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to ENIO as part of a temporary gift of usufruct due to be returned on 31 July 2020 (see AMF Decision No. 217C1398); ENIO represents 3.35% of the capital and 5.88% of the OGM voting rights, (ii) 150,000 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to the endowment fund ARBRE as part of a temporary gift of usufruct due to be returned on 31 July 2021, and (iii) 301,500 ALTEN shares held in bare ownership by Simon AZOULAY and related parties under Article L. 233-9(I)(6) of the French Commercial Code, for which Simon AZOULAY transferred the usufruct to the ARBRE endowment fund as part of a temporary gift of usufruct due to be returned on 30 June 2019.

(3) Including 159,982 ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

(4) Participation calculated in accordance with Article L. 225-102 of the French commercial code, including the collective participation of employees via the ALTEN FCPE, shares held by employees, registered in the name of the holder, from definitive allocations of free shares by virtue of the authorisations of the General Meeting of 24 May 2016, as well as the Preferred A and B Shares (stripped of voting rights) held by employees, registered in the name of the holder at 31 December 2018.

(5) Including 840 Preferred A Shares held by Gérald ATTIA and 840 Preferred A Shares held by Pierre MARCEL, Deputy Chief Executive Officers.

18.1.2 CHANGE IN SHAREHOLDING STRUCTURE

18.1.2.1 Changes to the capital structure over the past three years

	Position at 31 December 2018			Position at 31 December 2017			Position at 31 December 2016		
	Number of shares	% of capital	% of actual voting rights	Number of shares	% of capital	% of actual voting rights	Number of shares	% of capital	% of actual voting rights
Public	23,659,002	69.92%	61.62%	22,890,338	67.66%	59.84%	22,818,570	67.74%	59.77%
Simon AZOULAY ⁽¹⁾	5,098,013	15.07%	26.46%	5,098,013	15.07%	26.16%	5,144,667	15.27%	26.32%
International Value Advisers LLC	-	-	-	2,850,427	8.43%	7.42%	2,850,427	8.46%	7.44%
FMR LLC	1,928,430	5.70%	5.00%	1,928,430	5.70%	5.02%	1,928,430	5.73%	5.03%
Amundi	1,134,540	3.35%	2.94%	-	-	-	-	-	-
Allianz Global Investors	1,021,126	3.02%	2.65%	-	-	-	-	-	-
Treasury shares	473,852	1.40%	-	471,758	1.39%	-	462,956	1.37%	-
Employees ⁽⁵⁾	314,716	0.93%	0.81%	319,355	0.94%	0.83%	200,418	0.59%	0.52%
Gérald ATTIA	196,106 ⁽³⁾⁽⁴⁾	0.58%	0.51%	265,506 ⁽³⁾⁽⁴⁾	0.78%	0.72%	279,477 ⁽⁴⁾	0.83%	0.91%
Emily AZOULAY	2,150	0.01%	0.01%	2,150	0.01%	0.01%	2,780	0.01%	0.01%
Pierre MARCEL	840 ⁽²⁾	0.002%	-	840 ⁽²⁾	0.002%	-	-	-	-
TOTAL	33,830,458⁽⁶⁾	100%	100%	33,828,497⁽⁶⁾	100%	100%	33,687,725	100%	100%

(1) Simon AZOULAY and related parties (including SGTI which he controls and the shares whose usufruct was temporarily given to ENIO, FJF and the ARBRE fund).

(2) Preferred A Shares (without voting rights).

(3) Including 840 Preferred A Shares (without voting rights).

(4) Including ALTEN shares held by GMA, a company controlled at the highest level by Gérald ATTIA.

(5) Participation calculated in accordance with Article L. 225-102 of the French commercial code, including the collective participation of employees via the ALTEN FCPE, shares held by employees, registered in the name of the holder, from definitive allocations of free shares by virtue of the authorisations of the General Meeting of 24 May 2016, as well as the Preferred A and B Shares (stripped of voting rights) held by employees.

(6) Including Preferred A and B Shares stripped of voting rights.

18.1.2.2 Public tender or exchange offer

No public tender or exchange offers were launched by third parties on the Company's shares.

In addition, the Company has launched no public exchange offer on the shares of another company on a regulated market.

18.1.2.3 Shareholders' agreements

To the best of the Company's knowledge, there are currently no shareholders' agreements in effect.

18.1.3 THRESHOLD CROSSING

To the Company's knowledge, the only reporting thresholds breached during the 2018 financial year were the following:

Declarant's name	Date of operations	AMF Reference	Type of threshold breach
International Value Advisers LLC	30/04/2018 ⁽¹⁾	218C0882	Falling below threshold of 5% of voting rights
International Value Advisers LLC	21/09/2018 ⁽¹⁾	218C1615	Falling below threshold of 5% of the capital

(1) Declarations made for purposes of regularization.

Since the close of the financial year, the following thresholds have been crossed to the knowledge of the Company:

Declarant's name	Date of operations	AMF Reference	Type of threshold breach
FMR LLC	17/01/2019	219C0123	Falling below threshold of 5% of voting rights
Amundi	23/01/2019	-	Rising above threshold of 3% of capital
Amundi	18/03/2019	-	Falling below threshold of 3% of the capital
BlackRock	27/03/2019	219C0546	Rising above threshold of 5% of capital

18.2 ELEMENTS LIABLE TO INFLUENCE A PUBLIC OFFER

ALTEN's capital structure and the Company's known direct and indirect equity interests and all other information on this matter, set forth in Section 18.1, show that the leading shareholders (Simon AZOULAY and related parties including SGTI and including the shares whose usufruct was temporarily given by Simon AZOULAY to ENIO, to FJF and the ARBRE fund) together hold 26.46% of actual voting rights at 31 March 2019.

There are no statutory restrictions on transferring the shares.

There are no statutory restrictions on the exercising of voting rights, except for the removal of voting rights from shares, which were not the subject of a statutory threshold breach declaration, which can be requested by one or more shareholders holding at least 3% of the share capital (Article 9 of the Articles of Association).

There are no shares giving special control rights other than those conferring double voting rights.

Moreover, Article 14 of ALTEN's Articles of Association stipulates that "all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights. In the event of an increase in capital by the incorporation of reserves, profits or issue premiums, this double voting right is also conferred from the time of issue to new shares awarded free of charge to a shareholder by virtue of former shares for which the shareholder had already been granted this right".

The rules governing the appointment and dismissal of members of the Board of Directors and rules governing amendment of the Articles of Association are governed by common law.

There are no specific agreements stipulating the payment of compensation should a Board member cease to be in office or should an employee cease to be in office due to resignation or

redundancy without real or serious grounds or due to loss of employment due to a public offering.

Delegations and authorisations granted by the Board of Directors which are currently in effect are described in Sections 16.4.5 and 21.1.3.

ALTEN is also duly informed of any significant investments (direct or indirect) in its share capital:

- pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code;
- pursuant to Article 9 of the Company's Articles of Association which provides that "any natural person or legal entity acting individually or in concert that crosses the threshold (upwards or downwards) of 3% of the share capital or voting rights must inform the Company of the total number of shares and voting rights owned by registered letter with acknowledgement of receipt within 15 days from the date on which such 3% threshold was crossed".

Acquisitions during the financial year of stakes in the capital of ALTEN are described in Section 18.1.3 of this Document.

To the Company's knowledge, there are no shareholders' agreements.

The Club Deal contract concluded by the ALTEN Group on 20 March 2015 contains a change of control clause according to which the lenders may request, under certain conditions, the compulsory repayment of the advances granted and/or refuse to grant further advances.

Voting rights attached to ALTEN shares held by employees through ALTEN FCPE shares are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting.

18.3 DIRECT OR INDIRECT CONTROL

The Company is not controlled (see Section 18.1).

18.4 AGREEMENTS WHICH, WHEN IMPLEMENTED, COULD CAUSE A CHANGE IN CONTROL

None.

TRANSACTIONS WITH RELATED PARTIES

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19.1 AGREEMENTS STIPULATED BY ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

19.1.1 NEW AGREEMENTS ENTERED INTO DURING THE PAST FINANCIAL YEAR

None

19.1.2 AGREEMENTS ENTERED INTO DURING A PREVIOUS FINANCIAL YEAR BUT THE EFFECTS OF WHICH CONTINUED DURING THE FINANCIAL YEAR

These agreements, concluded and authorised during previous financial years, and executed during the last financial year, were examined by the Board of Directors on 29 January 2019.

19.1.2.1 Service provision

SGTI and ALTEN entered into a service provision agreement on 3 July 2009. Under this agreement, ALTEN performs administrative services for SGTI. This agreement was approved by the Ordinary and Extraordinary Shareholders' Meeting of 19 June 2012. ALTEN invoiced a flat-fee sum of €15,000 excluding tax in respect of the 2018 financial year.

ALTEN's interest:

Given the financial gain generated by ALTEN under this agreement, the Board of Directors authorised the renewal of this agreement for 2019.

19.1.2.2 Tax consolidation

A tax consolidation agreement was signed on 7 May 2008 between ALTEN and its 99.96% subsidiary Avenir Conseil Formation SAS. This agreement was approved during the Ordinary and Extraordinary Shareholders' Meeting of 27 June 2008.

ALTEN's interest:

Given the fiscal advantages for ALTEN of a tax consolidation group, the Board of Directors authorised the renewal of this agreement for 2019.

19.1.2.3 Lease of premises

1. A commercial lease was signed on 28 July 2011 between ALTEN and SIMALEP, a non-trading company (*Société Civile*) with share capital of €1,524.49, whose registered office is located at 221, Boulevard Jean-Jaurès, 92100 Boulogne-Billancourt, registered with the Nanterre Trade and Companies Register under number 329 341 101, whereby SIMALEP subleases office space for annual rent of €96,000 excluding tax, adjusted annually according to the reference index, but without exceeding the change in the quarterly cost of construction index published by INSEE.

SIMALEP is 75% owned by Mr AZOULAY, also Manager of SIMALEP. Emily AZOULAY, a Director of ALTEN SA, also holds a 25% stake in SIMALEP.

The signing of this lease was approved by the Ordinary and Extraordinary Shareholders' Meeting of 19 June 2012.

In 2018, the amount billed to ALTEN SA for rents came to €103,731.84 excluding tax and for charges €52,058.87 excluding tax.

ALTEN's interest:

Given the fact that (a) ALTEN occupies five other floors of this building under rental contracts concluded with third parties, and that (b) the rental conditions for this commercial lease are overall similar to those operated by other third party lessors in these types of premises, the Board of Directors authorised the renewal of this agreement for 2019.

2. A sub-lease was agreed on 18 January 2017 between ALTEN and SEV 56, a non-trading company (*Société Civile*) with share capital of €3,000, whose registered office is located at 40, avenue André Morizet in Boulogne-Billancourt, registered in the Nanterre Trade and Companies Register under number 792 946 782, relating to 2,947 sq.m. of property and 106 parking spaces, located at 77 to 83, avenue Edouard Vaillant (Boulogne-Billancourt), 80 to 84, rue Marcel Dassault, 4 to 18, rue Danjou in Boulogne Billancourt, for an annual rental of €320 per square metre excluding tax and €1,050 per parking space, adjusted annually based on changes in the national commercial rent index.

SEV 56 is managed and owned by Simon AZOULAY.

The signing of this sub-lease agreement was approved by the Ordinary and Extraordinary Shareholders' Meeting of 22 June 2017.

In 2018, the amount billed to ALTEN SA for rents came to €1,069,805.43 excluding tax and for charges €225,564.44 excluding tax.

ALTEN's interest:

Given the fact that (a) companies of the ALTEN Group occupied the premises prior to the acquisition by SEV 56 of the status of tenant under the building lease, (b) of the significant rental surface area made available to ALTEN and its subsidiaries in a limited area surrounding its headquarters and that (c) the rental conditions of this agreement, particularly the amount of rents invoiced to ALTEN by SEV 56, comply with the normal practices of third party lessors for this type of premises, the Board of Directors has authorised the renewal of this convention for 2019.

19.1.3 CONVENTIONS CONCLUDED BETWEEN A CORPORATE OFFICER OR A SHAREHOLDER WITH MORE THAN 10% OF THE CAPITAL AND A SUBSIDIARY

None.

19.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions and the basis for the Company's interest in those agreements and commitments indicated to us or those we may have discovered during the course of our audit, without expressing an opinion on their utility and appropriateness or identifying such other agreements, if any. It is your responsibility, in compliance with Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Moreover, it is our responsibility, where necessary, to forward you the information specified in Article R. 225-31 of the French Commercial Code relating to execution of the agreements and commitments during the past financial year, already approved by the General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures entailed verifying the consistency of the information provided to us with the appropriate source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised and signed during the period

We have not been advised of any agreements or commitments authorised and signed during the past financial year to be submitted to the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the General Meeting

Agreements and commitments approved in prior years, the performance of which continued during the period

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments already authorised by the General Meeting in previous financial years were still in effect during the period.

1. Service agreements with SGTI SAS

- **Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY and SGTI.

- **Nature:**

Under an agreement signed on 3 July 2009, ALTEN provides SGTI with general and administrative services.

- **Terms:**

For the year ended 31 December 2018, these services amounted to €15,000 (excluding taxes). This agreement was approved by the Combined Ordinary and Extraordinary General Meeting of 19 June 2012.

2. Tax consolidation agreement with AVENIR CONSEIL FORMATION SAS

- **Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY and Mr Gérard ATTIA.

- **Nature:**

A tax consolidation agreement was signed on 7 May 2008 between ALTEN and AVENIR CONSEIL FORMATION SAS. It took effect from 1 January 2008.

- **Terms:**

This agreement had no impact on your company's financial statements for the year ended 31 December 2018 in the absence of tax losses at AVENIR CONSEIL FORMATION SAS

3. Signing of a commercial lease with SIMALEP SCI

- **Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY, Chairman and CEO of ALTEN SA and Ms Emily AZOULAY, Board member of ALTEN SA.

- **Nature:**

A commercial lease was signed on 28 July 2011 with SIMALEP, whose registered office is located at 221, Boulevard Jean-Jaurès, Boulogne-Billancourt, whereby SIMALEP subleases office space for annual rent of €96,000 excluding tax, adjusted annually according to the reference index, but without exceeding the change in the quarterly cost of construction index published by INSEE.

- **Terms:**

The expense recognised in ALTEN's financial statements for the 2018 financial year was €155,790.71 excluding tax. This agreement was approved by the Combined Ordinary and Extraordinary General Meeting of 19 June 2012.

Paris La Défense, 26 April 2019

KPMG Audit IS
Monsieur Jean-Pierre Valensi
Partner

4. Sub-lease signed between ALTEN SA and SEV 56

- **Persons involved:**

Directors and shareholders involved: Mr Simon AZOULAY, Chairman and CEO of ALTEN SA and SEV 56, a corporation.

- **Nature:**

A sub-lease was signed on 18 January 2017 with SEV 56, whose registered office is located at 40, avenue André Morizet, Boulogne Billancourt, for premises measuring 2,947 sq.m. and 106 parking places, located at 77 to 83, avenue Edouard Vaillant, Boulogne-Billancourt, 80 to 84, rue Marcel Dassault and 4 to 18, rue Danjou, Boulogne Billancourt, for an annual rent of €320 per square metre and €1,050 per parking place, indexed on an annual basis to the French commercial rent index.

- **Terms:**

In 2018, the expense recognised in ALTEN's financial statements for the period was €1,295,369.87 excluding tax. This agreement was approved by the Combined Ordinary and Extraordinary General Meeting of 22 June 2017.

Neuilly-sur-Seine, 26 April 2019

Grant Thornton
French member of Grant Thornton International
Monsieur Vincent Frambourt
Partner

FINANCIAL INFORMATION

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20.1 HISTORICAL FINANCIAL INFORMATION

Pursuant to Article 28 of European Regulation 809/2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements at 31 December 2017, and the related reports from our Statutory Auditors, presented from page 219 to 282 of Registration Document no. D.18-0421 filed with the French Financial Markets Authority (AMF) on 27 April 2018;
- the consolidated financial statements at 31 December 2016, and the related reports from our Statutory Auditors, presented from page 209 to 259 of Registration Document no. D. 17-0463 filed with the French Financial Markets Authority (AMF) on 28 April 2017.

20.2 PRO FORMA FINANCIAL INFORMATION

None.

20.3 FINANCIAL STATEMENTS

20.3.1 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

1. CONSOLIDATED INCOME STATEMENT

<i>(In thousands of euros)</i>	Notes	2018	2017 restated*	2017 published*
REVENUE	4.2	2,269,885	1,984,689	1,975,427
Purchases consumed	4.4.1	(188,923)	(163,389)	(183,603)
Personnel expenses	4.3.1	(1,615,171)	(1,417,105)	(1,417,105)
External charges	4.4.2	(212,720)	(184,157)	(154,681)
Other taxes and levies		(10,285)	(10,578)	(10,578)
Depreciation and amortisation charges		(15,315)	(13,031)	(13,031)
Other operating expenses	4.4.3	(7,282)	(8,686)	(8,686)
Other operating income	4.4.3	3,816	6,496	6,496
OPERATING PROFIT ON ACTIVITY		224,005	194,240	194,240
Share-based payments	4.3.3	(6,173)	(12,848)	(12,848)
PROFIT FROM ORDINARY ACTIVITIES		217,833	181,392	181,392
Other operating expenses	4.4.4	(5,354)	(4,953)	(4,953)
Other operating income	4.4.4	1,674	1,497	1,497
Impairment of goodwill	5.1		(1,323)	(1,323)
OPERATING PROFIT		214,153	176,613	176,613
Net borrowing costs	7.3	(1,150)	(847)	(847)
Other financial expenses	7.3	(5,603)	(11,424)	(11,424)
Other financial income				
Income tax expense	9.1	(61,200)	(50,196)	(50,196)
EARNINGS OF CONSOLIDATED ENTITIES		151,491	142,585	142,585
Earnings from associates	5.3	9,117	5,735	5,735
NET OVERALL EARNINGS		160,608	148,320	148,320
Including:				
• Non-controlling interests		2,739	1,295	1,295
• Group share		157,869	147,025	147,025
Earnings per share in euros (Group share)	6.2	4.73	4.42	4.42
Diluted earnings per share in euros (Group share)	6.2	4.65	4.36	4.36

(*) The consolidated income statement for the financial year ended on 31 December 2017 has been restated in relation to that presented in the consolidated financial statements at 31 December 2017 published in April 2018 to take account of the application of the new standard, IFRS 15 (See note 1.1).

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	Notes	2018	2017
Net income, Group share		157,869	147,025
Net income, non-controlling interests' share		2,739	1,295
CONSOLIDATED NET INCOME		160,608	148,320
Change in fair value of sellable financial assets (net of income tax)	5.4		(20,369)
Translation adjustments		2,535	(11,797)
ITEMS THAT MAY BE RECLASSIFIED TO INCOME		2,535	(32,166)
Change in fair value of securities held for sale (net of corporate income tax)	5.4	843	
Actuarial differences on employee benefits (net of income tax)		2,394	1,483
ITEMS THAT MAY NOT BE RECLASSIFIED TO INCOME		3,238	1,483
TOTAL INCOME FOR THE PERIOD		166,381	117,637
Including:			
• Group share		163,738	116,370
• Non-controlling interests		2,643	1,267

3. STATEMENT OF FINANCIAL POSITION

ASSETS

<i>(in thousands of euros)</i>	Notes	31/12/2018	31/12/2017 restated*	31/12/2017 published*
Goodwill	5.1	494,125	436,740	436,740
Intangible assets	5.2	9,703	10,970	10,970
Property, plant and equipment	5.2	28,267	24,631	24,631
Investments in associates	5.3	28,901	19,136	19,136
Non-current financial assets	5.4	45,930	50,454	50,454
Deferred tax assets	9.2	12,435	12,930	12,930
NON-CURRENT ASSETS		619,361	554,860	554,860
Trade receivables	4.2	626,641	528,461	647,287
Customer contract assets	4.2	134,142	118,826	
Other current assets	4.2	67,174	50,514	50,514
Current tax assets		93,891	81,686	81,686
Cash and cash equivalents	7.1	120,372	83,966	83,966
CURRENT ASSETS		1,042,220	863,453	863,453
TOTAL ASSETS		1,661,581	1,418,313	1,418,313

LIABILITIES

<i>(in thousands of euros)</i>	Notes	31/12/2018	31/12/2017 restated*	31/12/2017 published*
Share capital		35,522	34,383	34,383
Additional paid-in capital		54,375	54,375	54,375
Consolidated reserves		719,804	596,796	596,796
Consolidated earnings		157,869	147,025	147,025
Equity (Group share)		967,571	832,580	832,580
Non-controlling interests		4,863	1,653	1,653
TOTAL EQUITY	5	972,434	834,232	834,232
Employee benefits	4.3.2	22,778	23,081	23,081
Provisions	8.1	5,889	1,866	1,866
Non-current financial liabilities	7.2	7,246	8,063	8,063
Other non-current liabilities	4.2	19,878	12,537	12,537
Deferred tax liabilities	9.2	425	83	83
NON-CURRENT LIABILITIES		56,216	45,631	45,631
Provisions	8.1	7,565	9,572	9,572
Current financial liabilities	7.2	100,881	49,283	49,283
Trade payables	4.2	79,045	63,662	63,662
Other current liabilities	4.2	346,427	320,486	409,241
Customer contract liabilities	4.2	92,568	88,755	
Current tax liabilities		6,446	6,694	6,694
CURRENT LIABILITIES		632,932	538,451	538,451
TOTAL EQUITY AND LIABILITIES		1,661,581	1,418,313	1,418,313

* The statement of consolidated financial position for the financial year ended 31 December 2017 has been restated in relation to that presented in the consolidated financial statements at 31 December 2017 published in April 2018 in order to take account of the application of the new standard, IFRS 15 (See note 1.1).

4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(In thousands of euros)</i>	Notes	2018	2017
Consolidated net income		160,608	148,320
Earnings from associates	5.3	(9,117)	(5,735)
Depreciation, provisions and other calculated expenses	10.3	19,990	18,331
Share-based payments	4.3.3	6,173	12,848
Income tax expense	9.1	61,200	50,196
Capital gains or losses from disposals		352	(21,141)
Net borrowing costs	7.3	1,150	847
Financial cost on update and provisions	7.3	1,677	521
Gross cash flow before borrowing costs and tax		242,033	204,186
Taxes paid	10.3	(60,505)	(52,331)
Change in working capital requirements	4.2	(82,228)	(60,521)
NET CASH FLOW FROM OPERATING ACTIVITIES		99,300	91,335
Acquisitions of tangible and intangible assets		(16,925)	(13,802)
Acquisitions of financial assets		(7,191)	(6,197)
Impact of changes in scope and earn-outs	10.3	(63,389)	(43,305)
Disposals of tangible and intangible assets		164	380
Reductions in financial assets		8,679	30,543
NET CASH FLOW FROM INVESTING ACTIVITIES		(78,662)	(32,380)
Net financial interest paid		(1,207)	(321)
Dividends paid to shareholders		(33,365)	(33,233)
Capital increase	10.3	11	239
Acquisitions and disposals of treasury shares		(226)	(632)
Changes in non-current financial liabilities		(421)	(1,607)
Change in current financial liabilities	7.2	50,315	(31,575)
NET CASH FLOW FROM FINANCING TRANSACTIONS		15,107	(67,128)
CHANGE IN CASH POSITION		35,745	(8,173)
Impact of exchange rate variations		662	(2,847)
Cash at beginning of period		83,966	94,986
Cash at end of period	7.1	120,372	83,966

5. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

CHANGE IN CONSOLIDATED EQUITY, GROUP SHARE

<i>(in thousands of euros)</i>	Number of shares in circulation	Number of shares issued	Capital	Additional paid-in capital	Reserves	Treasury shares	Translation reserve	Earnings	Shareholders' equity
AT 31 DECEMBER 2016	33,224,769	33,687,725	34,240	46,749	548,909	(8,901)	5,345	112,405	738,747
2016 allocation of earnings					112,405			(112,405)	0
Capital increase	140,772	140,772	143	7,627	(7,530)				240
Dividends paid to shareholders					(33,231)				(33,231)
Other changes					(16)				(16)
Treasury shares	(8,802)					(632)			(632)
Share-based payments					11,103				11,103
Transactions with shareholders	33,356,739	33,828,497	34,384	54,376	631,640	(9,533)	5,345	0	716,210
Total income for the period					(18,886)		(11,769)	147,025	116,369
AT 31 DECEMBER 2017	33,356,739	33,828,497	34,384	54,376	612,753	(9,533)	(6,425)	147,025	832,580
2017 allocation of earnings					147,025			(147,025)	0
Capital increase ⁽¹⁾		1,961	1,139		(1,139)				0
Dividends paid to shareholders					(33,366)				(33,366)
Other variations ⁽²⁾					(368)				(368)
Treasury shares	(2,094)					(226)			(226)
Share-based payments					5,212				5,212
Transactions with shareholders	33,354,645	33,830,458	35,522	54,376	730,118	(9,759)	(6,425)	0	803,832
Total income for the period					3,238		2,632	157,869	163,739
AT 31 DECEMBER 2018	33,354,645	33,830,458	35,522	54,376	733,355	(9,759)	(3,793)	157,869	967,570

(1) Issues of preferred shares relating to 2016 plans and increasing the nominal value of the share by incorporation of reserves.

(2) Transactions on minority interests.

CHANGE IN EQUITY CAPITAL, NON-CONTROLLING INTERESTS

<i>(in thousands of euros)</i>	Reserves	Translation reserve	Earnings	Shareholders' equity
AT 31 DECEMBER 2016	65	(33)	342	374
2016 allocation of earnings	342		(342)	0
Change in scope	12			12
Capital increase				0
Total income for the period		(28)	1,295	1,267
AT 31 DECEMBER 2017	420	(62)	1,295	1,653
2017 allocation of earnings	1,295		(1,295)	0
Change in scope	557			557
Capital increase	11			11
Total income for the period		(96)	2,739	2,643
AT 31 DECEMBER 2018	2,282	(158)	2,739	4,863

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Detailed summary of the notes to the financial statements

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NOTE 1 - ACCOUNTING PRINCIPLES

ALTEN SA is a French limited company (*Société Anonyme*) with a Board of Directors and registered office at 40, avenue André Morizet in Boulogne-Billancourt (92100).

ALTEN SA's consolidated financial statements include:

- the financial statements for ALTEN SA;
- the financial statements for companies controlled by ALTEN SA and fully consolidated either directly or indirectly;
- investments in associates and joint ventures, consolidated using the equity-accounted method.

The economic unit is referred to as the "ALTEN Group".

The ALTEN Group is the European leader in the Engineering and Technology Consulting (ETC) market. ALTEN carries out design and research projects for the Technical and Information Systems divisions of major customers in the industrial, telecommunications and service sectors.

The consolidated financial statements presented in this document were approved by the Board of Directors on 24 April 2019 and will be submitted for the approval of the General Meeting of 20 June 2019. They are presented in thousands of euros, unless otherwise indicated.

The consolidated financial statements of ALTEN SA included in the Registration Document are also available on its website page dedicated to financial statements: <http://www.alten.com/fr/investisseurs>.

1.1 Applicable accounting guidelines

In accordance with European Regulation No. 1606/2002 of 19 July 2002, the ALTEN SA Group's consolidated financial statements at 31 December 2018 were prepared in compliance with international accounting standards as published by the IASB and approved by the European Union on the date these financial statements were prepared. These international standards include IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and interpretations (SIC and IFRIC).

The accounting principles and rules used to prepare the consolidated financial statements for the year ended 31 December 2018 are identical to those used for the financial year ended 31 December 2017, with the exception of the new standards, amendments, and interpretations mandatory as of 1 January 2018, applied by the Group.

Impact of the new standard applicable as of 1 January 2018

IFRS 15

IFRS 15 is the frame of reference used to decide whether revenue should be recognised, for what amount and on what date. It replaces existing arrangements on income accounting, in particular IAS 18 "Income from ordinary activities".

The transition project led by the Group several years ago consisted of analysing the contracts and evaluating the impacts of this new standard on the recognition of revenue. This work was carried out internally on the full Group scope.

The main items identified as modifying the recognition of consolidated revenue are the following:

- expenses re-invoiced to customers were until now presented as cost reductions (external charges or personnel expenses). They are now presented under revenue according to IFRS 15;
- the Group has analysed the nature of its relationships with its customers in order to determine whether it acts as a principal or agent in the implementation of the contract or part of the contract when the Group sells equipment, software or services.

Under the IAS 18 guidelines, the Group used the notion of risks and benefits as the main criteria to decide whether it was acting as a principal or agent in a transaction. Under IFRS 15, the Group is now considered to be acting as a principle if, exercising its judgement, it considers that it controls the goods or services before transferring them to its customer.

On this basis of this analysis, certain transactions involving sub-contracting or sales of licences are now presented on a net basis, reducing consolidated revenue by €19.4 million in the 2017 financial year. In addition, the presentation of expenses re-invoiced to customers has led to an increase in consolidated revenue of €28.7 million in the 2017 financial year.

The Group has also modified the presentation of certain elements of the consolidated financial position in order to reflect IFRS 15 terminology:

- assets linked to customer contracts were previously presented on the "trade receivables" line (€118.8 million at 31 December 2017 as reported). These assets mainly correspond to rights acquired for works carried out but not invoiced at the accounts closing date;
- liabilities relating to customer contracts were included in the consolidated financial position under the items "Deferred income" and "Other liabilities" on the line "Other liabilities" €88.8 million at 31 December 2017. These liabilities mainly correspond to deferred income and credit notes to be drawn up.

The transition to 1 January 2018 has been carried out retrospectively: The notes to the financial statements presented below include the period to 31/12/2018 presented according to IFRS 15 and the comparative financial year ended 31/12/2017 restated for this standard.

IFRS 9

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement”. The provisions of IFRS 9 regarding recognition methods for financial assets at fair value were taken into account from a forward planning perspective given the lack of any major impact. The portfolio of securities held for sale was analysed at 1 January 2018, leading to two distinct recognition models:

- fair value through profit or loss for non-consolidated shares of companies created not exceeding the consolidation thresholds set by the Group and likely to be eventually consolidated (representing a marginal share in value terms of the “securities held for sale” portfolio);
- fair value through other comprehensive income without possibility of recycling through profit or loss for the other categories of shares.

For trade receivables, the Group has applied the simplified approach permitted by IFRS 9. Consequently, the impairment of financial assets at 1 January 2018 when applying IFRS 9 does not lead to a significantly different amount of impairment.

Moreover, the Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at European level but whose application was not mandatory at 1 January 2018.

The Group has however continued to assess the impact of the new IFRS 16, “Leases”, adopted by the European Union. This standard will primarily affect the treatment of real estate leases within the Group. The qualitative and quantitative impact is presented in note 7.4 on commitments with regard to leases.

1.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS standards requires that certain estimates and assumptions be made which may affect the amounts shown in these financial statements. These estimates and assessments are continuously made on the basis of past experience and other factors considered reasonable.

The main estimates made by Management when the consolidated financial statements are drawn up relate to the recognition of revenue in fixed price contracts in the context of the percentage of completion method, the determining of provisions for loss-making contracts and the agent / principal analysis (note 4.2), the assessment of the recoverable value of the assets in cash generating units including goodwill and earn-outs (note 5.1), securities held for sale (note 5.4), deferred taxes (note 9.2), employee benefits (note 4.3.2) and provisions (note 8), share-based payments (note 4.3.3) and research tax credits.

Management revises these estimates if the circumstances on which they were based change, or in the light of new information or experience. As a result, the estimates applied at 31 December 2018 could be substantively modified at a later stage.

NOTE 2 - KEY EVENTS AND EVENTS AFTER THE REPORTING PERIOD

2.1 Acquisitions during the financial year

The 2018 financial year was marked by the following acquisitions:

KAMMERER (Revenue: €5.5 million; 95 consultants)

On 28 March 2018, Alten Europe acquired 100% of the share capital and voting rights of the Austrian company specialising in the automotive sector.

SHANGAI SHUANGJIE TECHNOLOGY (Revenue: €7 million; 160 consultants)

On 13 April 2018, Sesame Group Ltd acquired 80% of the shares and voting rights of the Chinese company Shuangjie, which specialises in the automotive sector and has 2 subsidiaries.

E-TIC SISTEMES (Revenue: €8.5 million; 150 consultants)

On 12 April 2018, Alten Spain acquired 100% of the capital and voting rights of E-TIC Sistemas which has a multi-segment business in information technologies.

XPULS (Revenue: €10 million; 80 consultants)

On 27 April 2018, Alten Europe acquired 100% of the share capital and voting rights of the German company Xpuls Business, which specialises in the automotive and aviation sector.

OPTIMISSA (Revenue: €19 million; 420 consultants)

On 17 May 2018, Alten Europe acquired the Group of companies Optimissa which primarily has businesses in Spain. This Group of companies specialises in the field of banking IT.

SI2CHIP TECHNOLOGIES PRIVATE LTD (Revenue: €1.3 million; 100 consultants)

On 27 September 2018, Calsoft Labs India acquired 98% of the voting rights of Indian company Si2Chip Technologies Private LTD, specialising in digital engineering. Since the acquisition of the remaining 2% of the capital depended on the deferred payment of a significant proportion of the acquisition price, the percentage of interest was increased to 100% against a debt on earn-out.

BEAMON PEOPLE AB (Revenue: €12 million; 90 consultants)

On 26 October 2018, Alten Sverige AB acquired 100% of the voting rights of Swedish company Beamon People AB, specialising in IT.

COMIC GROUP OY (Revenue: €6 million; 65 consultants)

On 30 October 2018, Alte Oy acquired 100% of the share capital and voting rights of Finnish company Comiq Group Oy, specialising in IT management.

The revenues of the acquired companies, indicated above, are the latest known corporate figures presented on an annual basis.

2.2 Other significant events for the financial year

During the first half of the year, €33.4 million in dividends were paid to ALTEN SA shareholders for the financial year ended at 31 December 2017.

ALTEN SA's Board of Directors awarded free shares during the financial year, within the framework of an authorisation granted by the General Meetings held on 24 May 2016 and 20 June 2018 (note 4.3.3).

2.3 Events after the reporting period

The Group carried out a number of acquisitions in early 2019:

- in the Netherlands, BAST TECHNIEK specialising in electronics (Revenue: €6.5 million; 90 consultants);
- in Germany, EINSPLUS, specialising in the automotive sector (Revenue €6 million; 80 consultants);
- in Spain, SERVICIOS DE DESARROLLO ORIENTADO A SOLUCIONES ("SDOS") and its subsidiary, both specialising in the IT sector (Revenue: €6 million; 95 consultants);
- in Germany, the IPN group made up of four companies, specialising in engineering and IT consultancy (Revenue: €16.5 million; 175 consultants).

NOTE 3 – SCOPE OF CONSOLIDATION

Consolidation principles

The **full consolidation** method is used for the consolidation of the financial statements of the companies in which ALTEN SA exercises direct or indirect control. Control of a company exists when the Group:

- holds power over the company;
- is exposed or entitled to variable yields by virtue of its links with the company;
- has the capacity to exercise its power over the company's activities considered to be relevant in such a way as to influence the amount of yield it obtains.

All the transactions between the consolidated subsidiaries are eliminated, as are the Group's internal results. The results of the subsidiaries acquired are consolidated from the date on which the control is exercised.

The Alten Group exercises notable influence in certain entities, which is characterised by the power to participate in decisions on the company's financial and operational policies, without controlling or jointly controlling these policies. Investments in its entities, known as associates, are recognised using the **equity accounting method** and are presented distinctly under "Investments in associates". Goodwill relating to the acquisition of associates is included in the value of "Investments in associates".

Profit from these investments, Group share is recognised separately in the income statement. The investment is initially entered at the cost price and then after the acquisition, the book value is:

- increased or decreased to account for the share of income of the associate;
- reduced by the dividends paid to the Group by the associate.

Business combinations

Business combinations are entered according to the acquisition method:

- the cost of an acquisition is measured at the fair value of the consideration transferred, including any earn-out as of the date of the takeover;
- if the Group owes conditional payments to the transferring party and earn-outs in particular, these are included in the costs of the business combination. These debts are valued at their fair value based on non-measurable data (level 3). Any change in the fair value of these debts after the allocation period (one-year period as from the date of acquisition) is reported in earnings;
- the goodwill recognised under assets in the statement of financial position corresponds to the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed as of the takeover date;

- the adjustments to the fair value of identifiable assets acquired and of liabilities assumed, recorded on a provisional basis (due to audit processes and additional reviews still in progress at the reporting date), are recognised as retrospective goodwill adjustments if they take place during a 12-month allocation period, and if they are the result of existing factors and circumstances at the date of acquisition. Beyond this period, the effects are recognised directly through profit or loss.

Goodwill is allocated to Cash-Generating Units (CGU) or to groups of cash-generating units that can benefit from the business combinations that led to goodwill.

In the absence of a change of control, the variation in transactions relating to non-controlling interests is recognised under shareholders' equity.

Translation methods

The items included in the financial statements of each of the Group's entities are valued according to the currency of the main economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, the parent company's functional currency.

The financial statements of companies whose currency is not the euro are converted according to the following principles:

- balance sheet items (with the exception of equity) are translated at closing rates;
- equity is translated at the historical rate;
- the income statement is translated using the average rate for the period. This average rate is an approximation of the rate on the transaction date, provided that there are no major fluctuations;
- translation differences are recognised in other comprehensive income under "translation adjustments".

Transactions made by a company in a currency other than its functional currency are converted at the exchange rate in force at the time of the transaction. Monetary assets and liabilities expressed in foreign currencies are converted at the closing price. Monetary assets and liabilities expressed in foreign currencies are recognised at the historic price applicable on the date of the transaction. Exchange differences resulting from the conversion of transactions in foreign currencies are included in the income statement.

Certain loans and borrowings denominated in foreign currencies are considered to be net investments in a subsidiary whose functional currency is not the euro, when the repayment is not reasonably likely in the foreseeable future. The exchange differences regarding these loans and borrowings are recognised in other comprehensive income, under translation adjustments.

3.1 List of companies in the scope of consolidation

The two tables show the scope of consolidation respectively for France and International.

France

Company name	SIRET NO.	31/12/2018			31/12/2017		
		Basis of consolidation*	% interest	% control	Basis of consolidation*	% interest	% control
ALTEN SA	34860741700055	FC	-	-	FC	-	-
Alten SIR	40035788500021	FC	100.00	100.00	FC	100.00	100.00
ALTEN TRAINING CENTER	35390354500062	FC	100.00	100.00	FC	100.00	100.00
ALTEN SUD-OUEST	40419144700048	FC	100.00	100.00	FC	100.00	100.00
MI-GSO SAS	38054561600050	FC	100.00	100.00	FC	100.00	100.00
ALTEN CASH MANAGEMENT	48011617700019	FC	100.00	100.00	FC	100.00	100.00
ALTEN EUROPE	48016830100012	FC	100.00	100.00	FC	100.00	100.00
ELITYS CONSULTING	48420799800010	FC	100.00	100.00	FC	100.00	100.00
PEGASE SI	48484024400012	FC	100.00	100.00	FC	100.00	100.00
ATEXIS FRANCE	43904555000019	FC	100.00	100.00	FC	100.00	100.00
ALTEN AEROSPACE	48761023100019	FC	100.00	100.00	FC	100.00	100.00
AVENIR CONSEIL FORMATION	40246017400038	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY France	49304667600018	FC	100.00	100.00	FC	100.00	100.00
HPTI	49967035400012	FC	100.00	100.00	FC	100.00	100.00
ID.APPS	52910153700015	FC	100.00	100.00	FC	100.00	100.00
APTECH SAS	53296422800011	FC	100.00	100.00	FC	100.00	100.00
HOREX	79890660800012	EM	37.50	37.50	EM	37.50	37.50
LINCOLN	37934230600063	FC	100.00	100.00	FC	100.00	100.00
AIXIAL	75210813400020	FC	100.00	100.00	FC	100.00	100.00
HPA	80160860500011	FC	100.00	100.00	FC	100.00	100.00
AIXIAL DEVELOPMENT SASU	80405155500014	FC	100.00	100.00	FC	100.00	100.00
ALT03	80405212400018	FC	100.00	100.00	FC	100.00	100.00
ALTEN LIFE SCIENCES HOLDING	80863080000015	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGIES	80863082600010	FC	100.00	100.00	FC	100.00	100.00
ALTEN CYBER SECURITY SAS	80863758100014	FC	100.00	100.00	FC	100.00	100.00
HUBSAN	80946486000018	FC	100.00	100.00	FC	100.00	100.00
CADUCEUM	79934031000033	FC	100.00	100.00	FC	100.00	100.00
LMACP	82376788400039	FC	90.00	90.00	FC	90.00	90.00

(*) FC = Full Consolidation / EM = Equity-accounted Method.

Abroad

Company name	Country of operation	31/12/2018			31/12/2017		
		Basis of consolidation*	% interest	% control	Basis of consolidation*	% interest	% control
MI-GSO GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGY GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ATEXIS GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
DO PROFESIONAL SERVICES GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
ALTEN SW GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
CREATIVE DATA PROJECTS	Germany	-	-	-	FC	100.00	100.00
BEONE GROUP GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
BEONE STUTTGART	Germany	EM	59.00	59.00	EM	59.00	59.00
CLEAR IT GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
CLEAR IT ENGINEERING GMBH	Germany	-	-	-	FC	100.00	100.00
HOTSWAP DEUTSCHLAND GMBH	Germany	-	-	-	FC	100.00	100.00
CLEAR CONSULT GMBH	Germany	FC	100.00	100.00	FC	100.00	100.00
CLEAR SOLUTION GMBH	Germany	-	-	-	FC	100.00	100.00
XPULS BUSINESS SOLUTIONS	Germany	FC	100.00	100.00	-	-	-
PROGRAM PLANNING PROFESSIONALS PTY LTD	Australia	FC	100.00	100.00	FC	100.00	100.00
ALTEN AUSTRIA GMBH	Austria	FC	100.00	100.00	FC	100.00	100.00
ALTEN AUSTRIA SUD (FORMERLY KAMMERER)	Austria	FC	100.00	100.00	-	-	-
ALTEN BELGIUM	Belgium	FC	100.00	100.00	FC	100.00	100.00
AXIAL SPRL	Belgium	FC	100.00	100.00	FC	100.00	100.00
ANOTECH DO BRASIL	Brazil	FC	100.00	100.00	FC	100.00	100.00
ALTEN CANADA	Canada	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS CANADA	Canada	FC	100.00	100.00	FC	100.00	100.00
PROEX	Canada	FC	100.00	100.00	FC	100.00	100.00
ALTEN CHINA	China	FC	100.00	100.00	FC	100.00	100.00
NUO DAI BUSINESS CONSULTING	China	FC	85.00	85.00	FC	85.00	85.00
SHANGAI SHUANGJE TECHNOLOGY	China	FC	80.00	80.00	-	-	-
ANOTECH ENERGY CONGO	Congo	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY DOHA	Qatar	FC	85.00	85.00	-	-	-
ALTEN SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
ATEXIS SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
MI GSO EMP SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
AVENIR CONSEIL FORMATION SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
HELVETING INTERNATIONAL SPAIN	Spain	FC	100.00	100.00	FC	100.00	100.00
E-TIC SISTEMES	Spain	FC	100.00	100.00	-	-	-
OPTIMISSA SERVICIOS PROFESIONALES	Spain	FC	100.00	100.00	-	-	-
ALTEN USA	United States	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY USA	United States	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGY USA	United States	FC	100.00	100.00	FC	100.00	100.00
X-DIN INC	United States	FC	100.00	100.00	FC	100.00	100.00
X-DIN TECHNOLOGY INC	United States	FC	100.00	100.00	FC	100.00	100.00

Company name	Country of operation	31/12/2018			31/12/2017		
		Basis of consolidation*	% interest	% control	Basis of consolidation*	% interest	% control
CALSOFT LABS INC	United States	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS INC	United States	FC	100.00	100.00	FC	100.00	100.00
SACC Inc	United States	FC	100.00	100.00	FC	100.00	100.00
C PRIME	United States	FC	100.00	100.00	FC	100.00	100.00
CRESTTEK LLC	United States	FC	100.00	100.00	FC	100.00	100.00
PVR TECHNOLOGIES INC	United States	FC	100.00	100.00	FC	100.00	100.00
SIRILAN CORPORATION	United States	FC	100.00	100.00	FC	100.00	100.00
STATMINDS LLC	United States	FC	100.00	100.00	FC	100.00	100.00
ABACUS BUSINESS SOLUTIONS	United States	FC	100.00	100.00	FC	100.00	100.00
CLOVER GLOBAL SOLUTIONS	United States	FC	100.00	100.00	FC	100.00	100.00
CLOVER CORPORATE SERVICES	United States	FC	100.00	100.00	FC	100.00	100.00
EDISON ED INCORPORATED	United States	FC	100.00	100.00	FC	100.00	100.00
SYNCRONESS INC	United States	FC	100.00	100.00	FC	100.00	100.00
PREMIER LOGIC LLC	United States	FC	100.00	100.00	FC	100.00	100.00
BLUE AGILITY LLC	United States	FC	100.00	100.00	FC	100.00	100.00
ALTE OY	Finland	FC	100.00	100.00	FC	100.00	100.00
COMIQ GROUP OY	Finland	FC	100.00	100.00	-	-	-
COMIQ OY	Finland	FC	100.00	100.00	-	-	-
COMIQ PROJECT MANAGEMENT OY	Finland	FC	100.00	100.00	-	-	-
COMIQ TAMPERE OY	Finland	FC	100.00	100.00	-	-	-
ANOTECH ENERGY UK	Great Britain	FC	100.00	100.00	FC	100.00	100.00
ALTEN TECHNOLOGY LTD	Great Britain	FC	70.00	70.00	FC	70.00	70.00
PROGRAM PLANNING PROFESSIONALS LTD	Great Britain	FC	100.00	100.00	FC	100.00	100.00
CALSOFT LABS UK PRIVATE LTD	Great Britain	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY SERVICES	Great Britain	FC	80.00	80.00	-	-	-
OPTIMISSA LTD	Great Britain	FC	100.00	100.00	-	-	-
SESAME GROUP LIMITED	Hong Kong	FC	100.00	100.00	FC	100.00	100.00
HINS HONG KONG CO LTD	Hong Kong	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY HONG KONG	Hong Kong	FC	85.00	100.00	FC	85.00	100.00
ALTEN INDIA PRIVATE LTD	India	FC	100.00	100.00	FC	100.00	100.00
ALTEN CALSOFT LABS INDIA	India	FC	100.00	100.00	FC	100.00	100.00
CRESTTEK ENGINEERING SOLUTIONS PRIVATE LTD	India	FC	99.98	99.98	FC	99.98	99.98
ASM ENTERPRISE SOLUTIONS	India	FC	100.00	100.00	FC	100.00	100.00
PREMIER LOGIC INDIA PRIVATE LTD	India	FC	99.00	99.00	FC	99.00	99.00
SI2CHIP TECHNOLOGIES PRIVATE LTD	India	FC	100.00	98.00	-	-	-
TECHNO LIKE US	Japan	EM	51.00	51.00	EM	51.00	51.00
PROGRAM PLANNING PROFESSIONALS INDONESIA	Indonesia	FC	100.00	100.00	FC	100.00	100.00
ALTEN ITALIA	Italy	FC	100.00	100.00	FC	100.00	100.00
POSITECH SRL	Italy	FC	100.00	100.00	FC	100.00	100.00
CTL PARTICIPATIONS	Luxembourg	EM	36.93	36.93	EM	33.24	33.24
OPTIMISSA GROUP	Luxembourg	FC	100.00	100.00	-	-	-
ALTEN DELIVERY CENTER MAROC	Morocco	FC	100.00	100.00	FC	100.00	100.00
OPTIMISSA CAPITAL MARKETS CONSULTING	Mexico	FC	100.00	100.00	-	-	-

Company name	Country of operation	31/12/2018			31/12/2017		
		Basis of consolidation*	% interest	% control	Basis of consolidation*	% interest	% control
ANOTECH ENERGY NIGERIA	Nigeria	FC	100.00	100.00	FC	100.00	100.00
ALTEN NEDERLAND	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ALTEN DDA	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ORION ENGINEERING BV	The Netherlands	FC	100.00	100.00	FC	100.00	100.00
ALTEN POLSKA SP ZOO	Poland	FC	100.00	100.00	FC	100.00	100.00
ALTEN ENGINEERING FACTORY SP ZOO	Poland	FC	100.00	100.00	FC	100.00	100.00
CLEAR INTEC SP ZOO	Poland	FC	100.00	100.00	FC	100.00	100.00
CLEAR INTEC SP ZOO SP K	Poland	-	-	-	FC	100.00	100.00
TECHALTEN Portugal	Portugal	FC	100.00	100.00	-	-	-
OPTIMISSA Portugal UNIPESSOAL	Portugal	FC	100.00	100.00	-	-	-
ALTEN SI TECHNO ROMANIA	Romania	FC	100.00	100.00	FC	100.00	100.00
ATEXIS SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
GECI ENGINEERING SERVICES SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
KEPLER ROMINFO	Romania	FC	100.00	100.00	FC	100.00	100.00
KEPLER ENGINEERING SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
ALTEN DELIVERY CENTER IASI SRL	Romania	FC	100.00	100.00	FC	100.00	100.00
PROGRAM PLANNING PROFESSIONALS PTE LTD	Singapore	FC	100.00	100.00	FC	100.00	100.00
ANOTECH ENERGY SINGAPORE	Singapore	FC	70.00	70.00	FC	70.00	70.00
ALTEN CALSOFT LABS SINGAPORE	Singapore	FC	100.00	100.00	FC	100.00	100.00
AIXIAL SRO	Czech Republic	FC	100.00	100.00	FC	100.00	100.00
ALTEN SVERIGE AB	Sweden	FC	100.00	100.00	FC	100.00	100.00
HOTSWAP NORDEN	Sweden	-	-	-	FC	100.00	100.00
BEAMON PEOPLE AB	Sweden	FC	100.00	100.00	-	-	-
HELVETING AG	Switzerland	-	-	-	FC	100.00	100.00
HELVETING ENGINEERING AG	Switzerland	FC	100.00	100.00	FC	100.00	100.00
HELVETING INTERNATIONAL AG	Switzerland	-	-	-	FC	100.00	100.00
ALTEN SWITZERLAND SARL AG	Switzerland	FC	100.00	100.00	FC	100.00	100.00

(*) FC = Full Consolidation / EM = Equity-accounted Method.

3.2 Commitments relating to the scope of consolidation

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Pledges and guarantees given		
Alten SA	2,000	2,000
Bank guarantees given		
Alten Italia	505	233
Alten Nederland	192	158
Alten Spain	2,857	2,218
Anotech Energy France	19	19
Anotech Energy Nigeria	0	9
Alten Delivery Center Maroc	2	5
Alten Sverige	4,460	1,650
Orion	4	0
Pcubed Singapore	13	0
TOTAL	10,053	6,291
Pledges, sureties and guarantees received		
<i>(as security for liability guarantees)</i>		
Alte OY	1,000	
Alten Calsoft India	214	
Alten Belgium		500
Alten Canada	96	199
Alten Europe	2,550	2,700
Alten USA	655	625
Cprime		302
Alten SA		900
Alten Sverige	1,265	190
Calsoft Labs inc		1,292
Anotech Energy USA		334
Alten Life Sciences	2,500	2,500
Alten Italia	750	750
Alten Spain	400	
Sesame Group LTD	1,269	
Avenir Conseil Formation		15
<i>(other)</i>		
HPTI ⁽¹⁾	19,300	20,600
TOTAL	29,999	30,908

(1) Pledge of securities held by the associate company CTL Participations to guarantee a loan granted by the Group.

NOTE 4 - OPERATIONAL DATA

4.1 Operational segments

Operating segment information reflects the internal information system used by Group Management for decision-making purposes. Group activity is presented by geographic region, distinguishing between France and International. The financial information published below corresponds to the information used internally by the main operational decision-maker (the Chairman) in order to assess the performance of the segments.

<i>(In thousands of euros)</i>	31/12/2018			31/12/2017		
	France	International	TOTAL	France	International	TOTAL
Net revenue	1,029,853	1,240,033	2,269,885	925,584	1,059,105	1,984,689
Operating profit on activity	113,338	110,667	224,005	99,485	94,755	194,240
<i>Rate of operating profit on activity/revenue for the seg</i>	11.0%	8.9%	9.9%	10.7%	8.9%	9.8%
Profit from ordinary activities	107,582	110,251	217,833	88,736	92,656	181,392
Operating profit	107,582	106,571	214,153	89,151	87,462	176,613
Net financial income	(1,018)	(444)	(1,462)	15,573	594	16,167
Income tax expense	(31,344)	(29,856)	(61,200)	(25,770)	(24,425)	(50,196)
Earnings of consolidated entities	75,220	76,271	151,491	78,954	63,631	142,585
NET OVERALL EARNINGS	84,226	73,643	157,869	84,462	63,858	148,320

<i>(in thousands of euros)</i>	31/12/2018			31/12/2017		
	France	International	TOTAL	France	International	TOTAL
Goodwill	127,256	366,869	494,125	126,944	309,796	436,740
Investments in associates	18,498	10,404	28,901	12,015	7,121	19,136
Headcount at Year End	13,000	20,700	33,700	11,700	16,300	28,000
Cash at end of period	26,373	93,999	120,372	17,821	66,145	83,966
Financial liabilities	99,212	8,914	108,126	50,419	6,926	57,345
NET INVESTMENTS FOR THE PERIOD	4,022	74,641	78,662	(20,860)	53,241	32,380

Companies acquired in 2018 contributed €23.6 million to revenue for the year.

4.2 Revenue, working capital requirements and duration of client relationships

Revenue

Group revenue is recognised over the period in which services are rendered and made up of services:

- on a time-worked basis: the revenue is recognised using the percentage of completion method since the customer continuously receives and consumes the benefits of the services which are provided to him. The amount to be invoiced represents the value of the services provided to the customer and, consequently, by applying the right to invoice simplification measure, the revenue is recognised according to time spent. Income is therefore equal to time spent multiplied by an hourly, daily or monthly rate;
- for the “workpackage” method: recognition of revenue varies according to the nature of the resource commitment:
 - when the workpackage is a global cost-based scheme, revenue is equal to the time spent multiplied by an hourly, daily or monthly selling price as described above,
 - when it is an outsourced service, for which the billing is on a monthly or quarterly fixed-price basis, revenue is recognised on a monthly basis, according to the fixed price amount, independent of the actual time spent by the consultants, the right to invoice being acquired according to this contractual pattern,

- finally, if it is a workpackage with service commitments, the revenue is recognised separately for each of the elements when they are identifiable separately and the client can benefit from them. When these elements are not identifiable, the revenue is recognised as the client receives / approves deliverables and / or performance indicators (work units) the price of which is determined in the workpackage contract. For fixed-price contracts this generally corresponds to the percentage of completion method described below;
- fixed price: revenue is recognised according to the percentage of completion method, proportionately to the spending committed to in relation to the estimation of total spending of the contract when at least one of the following conditions is respected: (i) the customer receives and consumes the benefits provided by the Group service as the service is being provided or (ii) the Group service creates or enhances the value of an asset which the customer obtains control of as it is being created or as its value is being enhanced (iii) the Group has an enforceable right to a payment for the service provided to date in the event of termination by the customer.

Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance.

Notion of principal agent: When the Group sells licences and / or sub-contracting bought from external suppliers, its relationship with the customer is analysed in order to determine whether the Group is acting as a principal or agent. The Group acts as a principal when it controls the goods or services prior to their transfer to the customer; the revenue is then recognised on a gross basis.

If the group acts as an agent, the turnover is recognised on a net basis corresponding to the commission received by the Group as an agent.

Trade receivables and assets and liabilities linked to customer contracts

Trade receivables and related assets are valued at the amortised cost minus any losses in value. Losses in value are registered:

- statistically, according to expected losses estimated over the lifespan of the receivables, taking account of the history of losses on receivables;
- on a case by case basis when it becomes likely that the receivable will not be received and it is possible to reasonably estimate the amount of the loss.

Assets linked to customer contracts are essentially made up of invoices to be issued. Liabilities linked to customer contracts are mainly made up of deferred income and credit notes to be drawn up. In addition, no asset is recognised under costs of obtaining a contract.

Revenue

by type of service

<i>(In millions of euros)</i>	2018	%	2017	%
Service provision	2,229.6	98.2%	1,943.9	97.9%
Re-invoiced expenses	26.5	1.2%	28.7	1.4%
Others (including margin on sales of licences)	13.8	0.6%	12.1	0.6%
TOTAL	2,269.9	100%	1,984.7	100%

by geographical area

<i>(In millions of euros)</i>	2018	%	2017	%
France	1,029.9	45.4%	925.6	46.6%
International	1,240.0	54.6%	1,059.1	53.4%
North America	257.7	11.4%	201.2	10.1%
Germany	222.0	9.8%	207.4	10.5%
Scandinavia	166.9	7.4%	157.6	7.9%
Spain / Portugal	122.8	5.4%	93.7	4.7%
Italy	87.3	3.8%	76.6	3.9%
UK	82.0	3.6%	84.2	4.2%
Belgium	73.0	3.2%	65.1	3.3%
The Netherlands	70.9	3.1%	58.9	3.0%
Asia-Pacific	61.0	2.7%	40.6	2.0%
Other	96.5	4.3%	73.8	3.7%
TOTAL	2,269.9	100%	1,984.7	100%

Order book

As permitted by IFRS 15, no information is communicated relating to the service obligations remaining at 31 December 2018 for contracts with an initial expected duration of one year or less.

Working capital requirements

<i>(In thousands of euros)</i>	31/12/2017	Cash flow variation	Other flows*	31/12/2018	Current	Non-current
Trade receivables	528,462	84,704	13,475	626,641	626,641	
Customer contract assets	118,826	5,621	9,695	134,142	134,142	
Customer contract liabilities	(88,755)	(2,267)	(1,546)	(92,568)	(92,568)	
TRADE RECEIVABLES AND RELATED ASSETS AND LIABILITIES (A)	558,533	88,059	21,624	668,215	668,215	
Trade payables	(63,662)	(11,251)	(4,131)	(79,045)	(79,045)	
Prepaid expenses (1)	9,709	6,545	799	17,052	17,052	
Supplier receivables (1)	139	508	91	737	737	
SUPPLIERS AND RELATED ACCOUNTS (B)	(53,814)	(4,198)	(3,242)	(61,255)	(61,255)	
Tax and social security receivables (1)	31,627	25,665	(14,346)	42,945	42,945	
Other receivables (1)	9,040	(7,780)	5,180	6,440	6,440	
Earn-outs (2)	(24,595)		(2,238)	(26,833)	(10,171)	(16,662)
Tax and social security debt (2)	(298,219)	(19,814)	(7,240)	(325,273)	(322,093)	(3,180)
Other debt (2)	(10,209)	297	(4,287)	(14,199)	(14,163)	(36)
OTHER ASSETS / LIABILITIES (C)	(292,356)	(1,633)	(22,932)	(316,921)	(297,042)	(19,878)
WCR (= A + B + C)	212,362	82,228	(4,550)	290,040	309,919	(19,878)

Reconciliation with the consolidated statement of financial position

OTHER CURRENT ASSETS (1)	50,514	24,937	(8,278)	67,174	67,174	
OTHER CURRENT AND NON-CURRENT LIABILITIES (2)	(333,023)	(19,518)	(13,765)	(366,305)	(346,427)	(19,878)

* The "other flows" correspond to additions to the scope and to translation adjustments or to flows excluded by the nature of the WCR requirements. The earn-outs are debts relating to acquisitions.

Clients and duration of relationship

The following table shows the breakdown of the portfolio of trade receivables based on age:

<i>(in thousands of euros)</i>	31/12/2018					31/12/2017				
	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance
TRADE RECEIVABLES										
Gross value	499,497	124,885	3,348	9,605	637,335	416,896	107,471	7,284	8,655	540,307
Provisions	0	(656)	(1,109)	(8,930)	(10,694)	0	(1,560)	(1,910)	(8,376)	(11,846)
NET VALUES	499,497	124,230	2,239	675	626,641	416,896	105,912	5,375	279	528,461

Based on experience and considering its policy for recovering trade receivables, the Group feels that the level of impairment for the financial year is appropriate to the risks involved.

4.3 Employee expenses and benefits

4.3.1 Personnel expenses

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Salaries and benefits	(1,579,010)	(1,383,005)
Net provisions to social disputes	(6)	(994)
Retirement benefits	(2,791)	(3,323)
Taxes levied on wages	(26,255)	(24,020)
Employee profit sharing	(7,110)	(5,763)
TOTAL	(1,615,171)	(1,417,105)

The heading "Salaries and benefits" is given after deduction of Research tax credits (CIR) and Employment competitiveness tax credits (CICE). Social security expenses within the framework of defined benefit schemes amounted to €319 million in 2018 (compared with €278 million in 2017).

4.3.2 Employee benefits

The Group offers certain benefits in the form of defined contribution pension plans. With regard to these plans, the Group's only other commitment is the payment of premiums carried as a charge on the income statement for the financial year. The Group has not established employee benefits as part of defined benefit plans. Its commitment is essentially made up of:

- retirement benefits valued by an independent actuary, using the projected unit credit method, in France;
- severance pay (TFR), in Italy.

According to the projected unit credit method, each period of service results in an additional right to benefits and each of these units is valued separately in order to determine the final obligation. This final obligation is then discounted. These calculations incorporate two types of assumptions:

Financial assumptions

- a financial discount rate;
- an inflation rate;
- a salary revaluation rate;
- an employer contribution rate.

Demographic assumptions

- the assumption of a retirement age generally set at 65, the age at which a French employee will have reached the number of years of contributions entitling the employee to the full pension amount granted under the national pension plan;
- INSEE mortality tables;
- average staff turnover rates, by age and employment category;
- ages of first employment;
- number of employees taking retirement.

These assessments are carried out every year with updated actuarial assumptions. The Group has no assets to cover commitments for retirement benefits.

Expenses are recognised:

- under Operating Profit for the part relating to cost of services;
- under Net Financial Income for the part relating to discounting.

Actuarial gains and losses (actuarial differences) are recognised directly in Other Comprehensive Income.

The following table presents staff benefits:

<i>(In thousands of euros)</i>	Total Commitment
AT 01/01/2016	21,622
Change in scope	0
Reclassification	0
Cost of services provided	3,403
Interest expenses	361
Actuarial gains and losses	(2,225)
Benefits paid	(80)
AT 31/12/2017	23,081
Change in scope	0
Reclassification	0
Cost of services provided	2,827
Interest expenses	376
Actuarial gains and losses	(3,470)
Benefits paid	(37)
AT 31/12/2018	22,778

Note that the commitment includes €89K of retirement benefits (provided for by the SYNTEC collective agreement) for corporate officers with a work contract.

The main assumptions used to value the commitment are shown in the table below:

	31/12/2018	31/12/2017
Discount rate	2.00%	1.80%
Turnover rate (historical data recorded)	Age group	Age group
Revaluation rate for employees		
• Managerial staff	1.50%	1.50%
• Non-managerial staff	2.00%	2.00%
Employer contribution rate		
• Managerial staff	43.00%	42.00 at 48.00%
• Non-managerial staff	43.00%	45.00-at 47.50%
Mortality table		
• Women	TF13/15	TF 13/15
• Men	TH 13/15	TH 13/15
Retirement age	65 years old	65 years old

The rate of personnel turnover is taken company by company geared to observed historical data. The reference rate used to calculate the discount rate is the yield on AA-rated corporate bonds in the euro zone.

The impact of changes in the discount rate on the commitment calculation is shown in the table below:

	-0.5 point	Mid value	+0.5 point
Discount rate	1.50%	2.00%	2.50%
TOTAL COMMITMENT (IN THOUSANDS OF EUROS)	24,997	22,778	20,817

4.3.3 Share-based payments

Some of the Group's employees qualify for share options or free shares. In accordance with IFRS 2 "Share-based payments", free options or shares are valued at their fair value on the date on which they are awarded, by an external valuer, based on the Black and Scholes or binomial models. Changes in value after the date on which they are awarded have no impact on this initial valuation.

The overall expenses are recorded on a straight-line basis over the rights vesting period, with a counterparty in shareholders' equity.

ALTEN SA's Board of Directors awarded free shares during the financial year within the framework of an authorisation granted by the General Meeting held on 24 June 2018. This awarding was the subject of two distinct plans, the main conditions of which are presented, together with those of the plans of previous years for which the expenses had not been entirely absorbed at the start of the financial year, in the table below:

PLAN									TOTAL
Date awarded by the Board of Directors	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	25/04/2018	24/10/2018	
Class of financial instruments awarded	Preferred B share	Ordinary shares	Ordinary shares						
Number of financial instruments awarded	1,572	500	18	167	729	200	75,320	100,450	
<i>of which number awarded to employees</i>	1,572	500	18	167	729	200	75,320	100,450	
<i>of which number awarded to Corporate Officers</i>	0	0	0	0	0	0	0	0	
Number of instruments voided over the period	28	0	0	0	35	0	0	0	
Number of instruments subscribed for over the period	1,461	500	0	0	0	0	0	0	
Number of instruments outstanding at 31/12/2018	0	0	18	167	694	200	75,320	100,450	
Fair value of the financial instruments <i>(in euros)</i>	1,438.7	1,702.7	2,555.1	2,389.6	2,862.2	2,856.4	74.3	73.7	
Final award date	27/07/2018	27/10/2018	26/04/2019	26/07/2019	19/09/2019	25/10/2019	25/04/2019	24/10/2022	
End of lock-up/ non-transferability period	27/07/2020	27/10/2020	26/04/2021	26/07/2021	19/09/2021	25/10/2021	25/04/2020	None	
Cost of services provided 2018 <i>(in thousands of euros)</i>	482	220	8	64	360	101	3,834	144	5,212
Employer contribution cost 2018 <i>(in thousands of euros)</i>	87	37	1	0	33	18	767	16	961
TOTAL									6,173

For plans awarded in 2016, at the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion parity is: 1 Preferred share = (100 x M x Revenue coef) x 20% + (100 x M x OPA coef) x 80%.

PREFERRED A SHARES

Revenue 2018 (Rev) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 20%	100%	> or = 183	> or = 20.0%	100%	
1,810	17.5%	80%	179	17%	80%	Default = 0.01
1,772	15.0%	60%	175	15%	60%	
1,734	12.5%	40%	171	12%	40%	Presence on 2 nd anniversary of award = 0.02
1,695	10.0%	20%	168	10%	20%	
< 1,695	< 10.0%	0%	< 168	< 10.0%	0%	Presence on 3 rd anniversary of award = 1

PREFERRED B SHARES

Revenue 2019 (Rev) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,942	> or = 26%	100%	> or = 192	> or = 26%	100%	
1,880	22.0%	80%	186	22.0%	80%	Default = 0.01
1,818	18.0%	60%	180	18.0%	60%	
1,757	14.0%	40%	174	14.0%	40%	Presence on 3 rd anniversary of award = 0.01
1,695	10.0%	20%	168	10.0%	20%	
< 1,695	< 10.0%	0%	< 168	< 10.0%	0%	Presence on 4 th anniversary of award = 1

For plans awarded in 2017, at the end of the lock-up period, the preferred B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion parity is: 1 Preferred share = (100 x M x Revenue coef) x 20% + (100 x M x OPA coef) x 80%.

ACTION DE PRÉFÉRENCE DE CATÉGORIE B

Revenue 2020 (Rev) – in millions of euros	Growth in relation to 2016	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2019 (OPA) – in millions of euros	Growth in relation to 2016	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 2,203	> or = 26%	100%	> or = 228	> or = 26%	100%	
2,133	22.0%	80%	221	22.0%	80%	Default = 0.01
2,063	18.0%	60%	213	18.0%	60%	
1,993	14.0%	40%	206	14.0%	40%	Presence on 3 rd anniversary of award = 0.01
1,923	10.0%	20%	199	10.0%	20%	
< 1,923	< 10.0%	0%	< 199	< 10.0%	0%	Presence on 4 th anniversary of award = 1

For the plans awarded in 2018:

- the shares for the plan of 25/04/2018, after the definitive allocation date and subject to presence, will be disposable at the end of the lock-up period;
- the shares of the plan of 24/10/2018 will be definitively awarded after the vesting period pending the effective presence of the

beneficiary; the final number of shares depends on the attainment of performance criteria in line with the following formula:

Number of shares definitively awarded = Number of shares initially awarded x (CO coef + OMA coef + FC coef + QCSR coef) / 4. With:

cCO	cOMA	cFC	cQCSR
Based on the annual weighted rate of organic growth	Based on the annual weighted rate of activity operating margin	Based on the annual weighted rate Normative free cash flow / revenue	Based on the annual average of the ALTEN composite CSR index*

4.4 Other items of the consolidated income statement

4.4.1 Purchases consumed

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Purchasing and subcontracting business	(172,434)	(149,177)
Non-stock purchases	(16,489)	(14,213)
TOTAL	(188,923)	(163,390)

Purchases mainly consist of subcontracting.

4.4.2 External charges

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Rentals, maintenance	(69,533)	(58,138)
External personnel, fees	(32,964)	(27,589)
Transportation and travel	(73,422)	(69,266)
Other external charges	(36,801)	(29,165)
TOTAL	(212,720)	(184,157)

4.4.3 Other income and expenses from operations

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Provisions for impairments of current assets	(2,589)	(6,615)
Losses on unrecoverable receivables	(2,817)	(494)
Provisions for long-term contingencies	(1,501)	(813)
Book value of fixed assets sold	(311)	(734)
Other expenses	(64)	(30)
TOTAL EXPENSES	(7,282)	(8,686)
Reversal of provisions for receivables	3,316	2,634
Reversals of provisions for long-term contingencies	257	3,288
Proceeds from sale of fixed assets	164	382
Other income	79	192
TOTAL INCOME	3,816	6,496
TOTAL OTHER OPERATING INCOME AND EXPENSES	(3,466)	(2,190)

4.4.4 Other operating income and expenses

Other operating income and expenses include non-recurring transactions and significant amounts that could potentially misrepresent the Group's operating performance. These might include:

- restructuring costs for recent acquisitions;
- acquisition fees;
- other non-recurring income and expenses of a significant amount which are not intrinsically linked to the business activity.

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Restructuring costs	(595)	(622)
Fees associated with the acquisition of new companies	(1,548)	(1,252)
Social security and tax adjustments	(953)	(675)
Other	(583)	(906)
TOTAL OTHER OPERATING INCOME AND EXPENSES	(3,680)	(3,456)
<i>Including other operating expenses</i>	<i>(5,354)</i>	<i>(4,953)</i>
<i>Including other operating income</i>	<i>1,674</i>	<i>1,497</i>

In 2018 other operating income and expenses consisted of restructuring costs (-€0.6m) in relation to costs incurred by one-off adaptation measures linked to reorganisations in recently acquired companies (re-groupings of sites, wage costs, etc.), acquisition fees

(-€1.5m), social security and fiscal reassessments (-€1.0m), and the adjustment of the costs of combining businesses acquired (-€0.6m) within the framework of the application of IFRS 3 (in particular changes in debts on earn-outs).

NOTE 5 - NON-CURRENT ASSETS

5.1 Goodwill and impairment tests

Goodwill is initially recognised in a business combination as described in Note 3 in the "Business combinations" part.

After the initial accounting, the ALTEN Group carries out impairment tests on goodwill (in particular) as soon as a sign of value loss is identified and at least once a year. Losses in value in goodwill are not reversible.

For the purpose of this test, assets and liabilities are grouped into Cash-Generating Units (CGUs). CGUs are homogeneous groups of assets that generate cash inflows through continuous use which are largely independent of the cash inflows from other assets or groups of assets. CGUs correspond to legal entities or relevant groups of legal entities.

The value in use of these units is the present value of discounted future net cash flow. When this value is less than the net book value of the CGU, the difference is recorded under operating profit; any impairment is first allocated to goodwill.

Whether such impairment loss is recognised is determined on the basis of the discounted cash flow, for which the Group expects to obtain flows from the cash-generating unit. This projection is based on the following assumptions:

- a four-year financial budget prepared by the entity and validated by the Group's financial department, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking into account a perpetual growth rate;
- perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector;
- discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of debt.
- The discount rates used to discount cash flow after taxes are net of taxes.

Goodwill, allocated by country, is broken down as follows:

<i>In thousands of euros</i>	France	UK	Belgium	Netherlands	Spain	Germany	Switzerland
31/12/2016	127,396	4,236	12,686	21,097	19,991	65,910	10,177
Acquisitions						6,664	13,393
Disposals/withdrawals							
Earn-out adjustments						620	
Translation adjustments							(1,102)
Other	(452)					19	
Reclassifications							
Impairments							
31/12/2017	126,944	4,236	12,686	21,097	19,991	73,213	22,469
Acquisitions	312				19,540	2,656	
Disposals/withdrawals							
Earn-out adjustments							860
Translation adjustments							544
Other							
Reclassifications							
Impairments							
31/12/2018	127,256	4,236	12,686	21,097	39,531	75,869	23,873

During the 2018 financial year, the increase in the amount of goodwill can be mainly explained by the following:

- the Group's acquisitions during the period (as described in note 2.1.1);
- adjustments of earn-outs and corrections to positions (included under "other") within the allocation period;
- translation adjustments on goodwill denominated in foreign currency.

The Group performed impairment testing on all the assets of its CGUs at 31 December 2018. Tests show that the recoverable value of the assets of CGUs are superior to their book values.

The table below presents the main actuarial assumptions and structural operating assumptions used for the impairment tests performed during the year for the main countries. Note that the CGUs correspond to legal entities (and hardly ever to a combination of legal entities) and that they are, for the purpose of simplification and clarity of this note, grouped by country.

The growth rate and discount rate assumptions used in the valuation of all cash-generating units were revised in light of general market data.

Italy	Scandinavia	North America	Offshore and Asia	Nearshore	Other	Total
19,507	43,159	69,214	13,352	4,306	169	411,200
		14,194				34,251
	1,121	0				0
	(102)	(7,897)	(423)			1,741
		211		618		(9,524)
						396
						0
			(1,323)			0
19,507	44,179	75,722	11,605	4,924	169	(1,323)
	19,065		6,713	1,926		436,741
						50,212
		3,004				0
	(155)	2,615	(100)			3,864
		404				2,905
						404
						0
						0
19,507	63,089	81,746	18,218	6,850	169	494,125

	2018				2017			
	Value of goodwill	Average annual revenue growth rate 2018-2022	Perpetual growth rate	Weighted average cost of capital (WACC)	Value of goodwill	Average annual revenue growth rate 2017-2021	Perpetual growth rate	Weighted average cost of capital (WACC)
France	127,256	5%	2%	8.1%	126,944	5%	2%	8.2%
North America	81,746	5%	2%	7.3%	75,722	7%	2%	7.3% to 7.4%
Germany	75,869	5%	2%	7.2%	73,213	5%	2%	7.4%
Scandinavia	63,089	6%	2%	7.5% to 8.0%	44,179	4%	2%	7.5% to 8.1%
The Netherlands	21,097	4%	2%	7.3%	21,097	4%	2%	7.4%
Spain	25,457	5%	2%	9.8%	19,991	7%	2%	10.5%
Italy	19,507	4%	2%	10.2%	19,507	6%	2%	10.4%
Offshore + Asia	18,218	10%	2%	9.5%	11,605	11%	2%	9.6%
Belgium	12,686	4%	2%	8.1%	12,686	5%	2%	8.3%
Switzerland	23,873	4%	2%	7.4%	22,469	12%	2%	7.5%
Nearshore	20,924	11%	2%	9.9%	4,924	13%	2%	10.0%
UK	4,236	5%	2%	8.1%	4,236	7%	2%	8.1%
Other	169	n/a	n/a	n/a	169	n/a	n/a	n/a
TOTAL	494,126				436,740			

The main operating assumptions used to build the budget are in line with the historical data seen for each CGU.

The Group presents analyses of sensitivity to key assumptions for WACC, the open-ended growth rate and normative EBIT. The results of these analyses in terms of impairment of goodwill are summarised in the table below.

	2018					2017				
	Goodwill	Test margin*	WACC + 1 point**	Zero growth rate**	Normative operating profit on activity -1 point**	Goodwill	Test margin*	WACC + 1 point**	Zero growth rate**	Normative operating profit on activity -1 point**
France	127,256	549,381	-	-	-	126,944	562,293	-	-	-
North America	81,746	189,287	-	-	-	75,722	108,326	-	-	-
Germany	75,869	177,555	(601)	(459)	(1,128)	73,213	146,593	-	-	-
Scandinavia	63,089	181,227	-	-	-	44,179	169,801	-	-	-
The Netherlands	21,097	126,713	-	-	-	21,097	97,521	-	-	-
Spain	25,457	81,669	-	-	-	19,991	29,755	-	-	-
Italy	19,507	95,160	-	-	-	19,507	71,138	-	-	-
Offshore + Asia	18,218	18,618	(983)	(448)	(534)	11,605	11,585	(350)	-	-
Belgium	12,686	116,451	-	-	-	12,686	91,427	-	-	-
Switzerland	23,873	84,740	-	-	-	22,469	54,055	-	-	-
Nearshore	20,924	32,767	-	-	-	4,924	28,807	-	-	-
UK	4,236	111,877	-	-	-	4,236	87,453	-	-	-
Other	169	n/a	-	-	-	169	n/a	-	-	-
TOTAL	494,125	1,765,445	(1,584)	(907)	(1,663)	436,741	1,458,754	(350)	0	0

(*) Test margin = Value in use - total value of assets to be tested (including goodwill) for all CGUs included in the country.

(**) Impairment amount of the CGU or CGUs included in the country. Other constant parameters.

5.2 Fixed assets and depreciation

Only the elements whose cost may be estimated reliably and whose future economic benefits are likely to go to the Group are recognised under tangible or intangible assets.

The depreciation period is based on the estimated useful lives of each of the different categories of assets, depreciated on a straight-line basis:

Intangible assets

- software / information systems 3 to 10 years.

Property, plant and equipment

- computer equipment 1.5 to 5 years;
- transport equipment 5 years;
- office equipment 5 years;
- fixtures and fittings 10 years maximum;
- buildings 25 years.

Useful life is reviewed at least annually and adjusted accordingly if the expectations differ significantly from previous estimates.

Development costs

Development costs must be entered as intangible fixed assets as soon as the Company can demonstrate:

- the technical feasibility necessary to complete the development project in anticipation of its placement into service or sale;
- its intention and technical and financial ability to complete the development project;
- that the future economic benefits to be derived from these development expenses are likely to go to the Company;
- and that the cost of the asset can be measured reliably.

All expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are fixed. These expenses are amortised on a straight-line basis according to the applicable asset's probable useful life.

Lease-financing agreements

Any agreements for the lease of tangible and intangible assets under which the ALTEN Group incurs almost all risks and advantages related to the ownership of the property in question are considered lease-financing agreements. A lease agreement is appraised on the basis of criteria stipulated under IAS 17 Leases.

Assets and liabilities are recognised for an amount corresponding to the value of the underlying asset; the liability is subsequently reduced, as payments are made, and a financial cost allocated to liabilities is recognised. Commitments in the area of operating leases are presented in note 7.4.

Tangible and intangible fixed assets amounted to €38.0m at 31 December 2018 (€35.6m at 31 December 2017). No particular event relating to these items took place during the 2018 financial year.

5.3 Investments in associates

Investments in associates are recognised using the equity-accounted method described in the “Consolidation principle” section of note 3.

<i>(In thousands of euros)</i>	Total	TLU	Horex	CTL Participations	BeOne Stuttgart
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2016	12,716		7,680	3,403	1,632
Earnings from associates	5,735	95	4,334	1,174	132
Capital increase	100			100	
Change in scope	1,293	1,293			
Dividend neutralisation	(708)				(708)
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2017	19,136	1,388	12,015	4,677	1,056
Earnings from associates	9,117	23	6,483	2,523	89
Capital increase	700			700	
Dividend neutralisation	(52)				(52)
INVESTMENTS IN ASSOCIATES AT 31 DECEMBER 2018	28,901	1,411	18,498	7,900	1,093
Financial data of associates		*	**	**	*
Revenue		5,740	141,950	139,181	7,939
Operating profit		57	19,865	4,126	216
Total assets		2,116	109,062	102,886	4,294
Shareholders' equity		772	30,972	-1,660	1,853

* Data expressed in local 2018 GAAP.

** Group consolidated data expressed in local 2017 GAAP.

5.4 Non-current financial assets

Non-current financial assets include shares / investments in companies or mutual funds (grouped under the item “securities held for sale”), financial assets held to maturity (“deposits and guarantees”) and loans and receivables, whether or not related to equity interests (“other long term assets”).

Securities held for sale are valued at their fair value at each close. The fair value is determined by reference to the last quoted share price for listed securities. In the absence of an active market, they are kept in the balance sheet at the amount which the Group believes represents their fair value, which is determined based on criteria such as equity share, the net revalued asset and/or forecasts.

Changes in fair value of these securities are entered either in net income (for the non-consolidated shares of companies created, not exceeding the consolidation thresholds established by the Group) or in other items of comprehensive income without the possibility of recycling through profit or loss (for the other categories of shares). This choice of accounting is irrevocably determined by line of security.

Deposits and guarantees and other long term assets are valued at amortised cost.

	Carrying amount according to IFRS 9			31/12/2018	31/12/2017	Hierarchisation of the fair value of financial assets at 31/12/2018		
	Amortised cost	Fair value by comprehensive income without recycling	Fair value through earnings			Level 1	Level 2	Level 3
<i>(In thousands of euros)</i>								
Securities held for sale		9,675	113	9,788	13,865			9,788
Deposits and guarantees	11,268			11,268	9,861			
Other long-term assets (loans and receivables) ⁽¹⁾	26,728			24,875	26,728			
TOTAL	37,996	9,675	113	45,930	50,454	-	-	9,788

(1) Other long-term assets are primarily comprised of loans with associates (see note 5.3).

Securities held for sale include the following interests:

Entity	% Interest	Fair value at opening	Acquisition (disposal)	Variation in FV through comprehensive income	Variation in fair value through income	Fair value at closing	Fair value hierarchical level	Data used
FCP XANGE ⁽¹⁾		3,520	(3,823)	304		0	3	Net asset value
PHINERGY LTD	12.83%	8,391				8,391	3	Other
OTHER		1,954	(779)	540	(318)	1,397	3	Other
TOTAL		13,865	(4,602)	843	(318)	9,788		

(1) The stake in the Xange mutual fund was sold during the financial year.

NOTE 6 - SHARE CAPITAL AND EARNINGS PER SHARE

6.1 Share capital

All treasury shares held by the Group are deducted at acquisition cost from equity.

Any gains on the disposal of treasury shares directly increase equity and therefore, any gains/losses on disposals do not affect year-end earnings.

Number of shares (nominal value €1.05)	Shares issued	Treasury shares	Shares in circulation
AT 31 DECEMBER 2017	33,828,497	(471,758)	33,356,739
Exercise of options			
Other capital increases (award of free shares, shares distributed to current holders)	1,961		1,961
Treasury shares			
Purchasing			
Sales			
Transfers			
Liquidity contract transactions		(2,094)	(2,094)
AT 31 DECEMBER 2018	33,830,458	(473,852)	33,356,606

Within the framework of a treasury-share buyback programme, the Group proceeded, during the financial year, with the various purchase and sale operations, indicated below:

	31/12/2018	31/12/2017
Unallocated shares		
Shares held at opening	460,022	460,022
Shares held at closing	460,022	460,022
Liquidity contract		
Shares held at opening	11,736	2,934
Shares purchased	162,468	67,539
Shares sold	(160,374)	(58,737)
Shares held at closing	13,830	11,736
TOTAL	473,852	471,758

6.2 Earnings per share

Earnings per share is obtained from the ratio of the Group share of net earnings to the annual weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share is obtained from the ratio of net earnings to the potential weighted average number of shares, adjusted for the effect of any potentially dilutive shares (stock options, free shares). The dilution effect is obtained by the number of potential shares that would result from the diluted instruments, less the

number of shares that could be bought back at market rates using the funds gained from exercising the instruments concerned, including services to be rendered by employees. The market price retained is that of the average share price during the financial year. The dilutive effect of the equity instrument is taken into account when the exercise price is less than the average market price of the ordinary shares, adjusted for services to be rendered by employees.

<i>(In euros)</i>	31/12/2018	31/12/2017
Net income, Group share	157,868,970	147,025,082
Weighted average number of shares	33,355,335	33,268,700
Earnings per share	4.73	4.42

<i>(In euros)</i>	31/12/2018	31/12/2017
Earnings	157,868,970	147,025,082
Dilutive effect	0	0
Diluted earnings	157,868,970	147,025,082
Weighted average number of shares	33,355,335	33,268,700
Effect of dilutions	610,745	429,951
Weighted average number of shares after potential dilution	33,966,080	33,698,651
Diluted earnings per share	4.65	4.36

6.3 Dividends per share

	2019*	2018	2017
Date dividends paid on the profit from the previous financial year	nd	27-juin-18	30-juin-17
Date of the General Meeting deciding on the dividend distribution proposal	18-juin-19	20-juin-18	22-juin-17
Total distribution amount (in thousands of euros) on the profit from the previous financial year	33,365	33,230	33,224
Dividend per share on the profit from the previous financial year <i>(in euros and per share)</i>	1.00	1.00	1.00

* Subject to approval by the next General Meeting, and according to the number of shares in circulation as of that date.

NOTE 7 - NET CASH POSITION

The Group's net cash position breaks down as follows:

<i>(In thousands of euros)</i>		31/12/2018	31/12/2017
Cash at end of period	7.1	120,372	83,966
+ Bank borrowings and related debt		(101,734)	(45,826)
+ Bank overdrafts	7.2	(6,182)	(10,919)
= Net cash position/(Net debt)		12,456	27,221

7.1 Cash and cash equivalents

Cash includes bank balances, investments in money market funds and marketable, short-term debt securities (initial maturity of less than three months) and presenting no material risk in terms of loss

of value should interest rates fluctuate. In accordance with IAS 7, bank borrowings are treated like financing items.

<i>(In thousands of euros)</i>		31/12/2018	31/12/2017
Marketable securities		2,551	1,359
Cash and equivalents		117,821	82,607
TOTAL		120,372	83,966

Marketable securities are given at their fair value. They comprise money market funds (SICAV) and negotiable securities with maturity of less than three months.

Restrictions: the Group operates in countries subject to regulatory exchange controls, which could temporarily render cash unavailable for the Group. The table below shows the cash position at 31 December 2018 in these countries:

Country	<i>(In thousands of euros)</i>
India	4,070
China	2,234
Morocco	1,308
Brazil	796
Nigeria	1,674
Congo	1,440
TOTAL	11,522

7.2 Current and non-current financial liabilities

Financial liabilities concern borrowings, long-term financial debt and bank overdrafts. Such financial liabilities are initially assessed at fair value, and then at the amortised cost.

Current and non-current financial liabilities are broken down based on whether the items constituting these sections mature in under one year or over one year.

<i>(In thousands of euros)</i>	31/12/2017	Inc	Repayment	Change in scope	Other (Translation adjustments, reclassification)	31/12/2018	Current	Non-current
Bank borrowings and related debt	45,828	56,361	(1,155)	798	(97)	101,734	94,641	7,093
<i>Bank borrowings</i>	<i>44,029</i>	<i>56,276</i>	<i>(200)</i>	<i>98</i>	<i>(96)</i>	<i>100,106</i>	<i>93,399</i>	<i>6,707</i>
<i>Other loans and related debt</i>	<i>1,799</i>	<i>85</i>	<i>(955)</i>	<i>700</i>	<i>(1)</i>	<i>1,628</i>	<i>1,242</i>	<i>386</i>
Bank overdrafts	10,919	4	(4,833)		92	6,182	6,182	
Deposits and guarantees received	374	17	(289)		5	107		107
Other financial liabilities	225	7	(218)		89	103	58	46
TOTAL	57,345	56,389	(6,495)	798	89	108,126	100,881	7,246
		a	b					
Change in statement of cash flows financial liabilities (a + b)		49,894					50,315	(421)

Bank borrowings

The amount of bank borrowings stood at €100.1m as at 31 December 2018.

<i>(In thousands of euros)</i>	31/12/2018	EUR	GBP	CAD	Other	Fixed rate	Variable
Bank borrowings	100,106	95,902	1,262	2,243	698	6,862	93,244

At 31 December 2018, this item comprised:

- the drawdown of the “club deal” for €86 million (short-term variable-rate financing) on a line opened for €160 million;
- a loan for €7 million subscribed at the end of December 2016, repayable over three years (fixed rate of 0.4%). The remaining principal balance was €4.7 million at 31 December 2018;
- a loan maturing in 1 month taken out in December 2018 for €5 million;
- other mid and long-term loans mainly denominated in foreign currencies amounting to €4.4 million.

Other loans and related debt

Other loans and related debt at 31 December 2018 mainly comprise finance leases amounting to €1.6 million.

Commitments received from banking institutions

In addition, the Group has unused credit lines amounting to €123.8 million at 31 December 2018 (€154.1 million at 31/12/2017).

7.3 Net financial income

Net financial income comprises net debt costs and other financial income and expenses.

Borrowing costs

This includes:

- income from cash and cash equivalents (interest income, income from the disposal of cash equivalents);
- borrowing costs (interest charges on financing transactions).

Other financial income and expenses

Other financial income and expenses includes financial income and expenses not included in net debt costs:

- financial income (dividends, profits on the disposal of unconsolidated shares, interest income and income from the disposal of other financial assets (excluding cash and cash equivalents), translation gains, discounted financial income, increase in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial income);
- financial expenses (impairment of unconsolidated securities, losses on disposals of unconsolidated securities, impairment and losses on the disposal of other financial assets (excluding cash and cash equivalents), translation losses, discounted financial expenses, decrease in the fair value of financial assets and liabilities measured at fair value through profit or loss, other financial expenses).

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Bank interest charges	(1,159)	(891)
Interest on lease-financing agreements	(100)	(119)
GROSS BORROWING COSTS	(1,259)	(1,010)
Income from receivables and investments	109	163
Income from the disposal of marketable securities	0	0
NET BORROWING COSTS	(1,150)	(847)
Foreign exchange losses	(3,123)	(9,948)
Other financial expenses	(427)	(593)
Discounted financial expenses	(867)	(733)
Financial provisions	(1,186)	(149)
Other financial expenses	(5,603)	(11,424)
Foreign exchange gains	4,215	5,826
Other financial income	1,076	22,611
Financial income as a result of discount	0	0
Reversal of financial provisions	0	0
Other financial income	5,291	28,438
OTHER NET FINANCIAL INCOME AND EXPENSES	(312)	17,014
NET FINANCIAL INCOME (EXPENSES)	(1,462)	16,167

In 2017, the net foreign currency loss of €4.1 million resulted from the rise of the euro against the other main currencies over the financial year and the rise in other financial income was mainly due to a capital gain from the sale of Ausy shares for €21.5 million.

7.4 Leases: financial commitments

The financial commitment at the end of the lease contract was determined at 31 December 2018 on the basis of the list of contracts compiled with a view to the transition towards IFRS 16 on 1 January 2019. In order to provide improved readability, the amount of the comparative commitment at 31 December 2017 was modified on the basis of this same information.

(In thousands of euros)	31/12/2018				31/12/2017
	Commitment	Less than 1 year	2 to 5 years	More than 5 years	
Operating leases ⁽¹⁾	106,628	36,985	63,989	5,654	110,682
Financial leases	1,579	1,205	374		1,618
TOTAL	108,206	38,189	64,363	5,654	112,300

(1) Of which property leases: €87,596 K.

Information on the IFRS 16 transition on 1 January 2019:

The amount of lease debt at 1 January 2019 is expected to be higher than the amount of the financial commitment at 31 December 2018 despite the impact of discounting, given the difference in the periods retained between that applied to the financial commitments and that used for the application of IFRS 16. The lease debt is accordingly expected to be between €110 million and €130 million.

The main simplification measures in the standard will be adopted by the Group:

- exclusion of short-term contracts (less than 1 year);
- exclusion of contracts relating to low-value assets (<€5K).

The restatement will cover about 2,200 leases in the Group (80% transport vehicles, 15% property leases and 5% IT equipment and miscellaneous). Over 80% of the rental debt will be made up of property rental contracts. At this stage, the Group has not yet decided on its transition method.

The table below presents, solely for information purposes, the main foreseeable impacts on the 2018 consolidated financial statements.

Agregate	Summary statement	Nature of the impact	Estimation of the impact
Usage rights (non-current assets)	Consolidated statement of financial position	Marked increase	€100m - €120m
Lease liabilities (current and non-current liabilities)	Consolidated statement of financial position	Marked increase	€100m - €120m
Operating profit on activity	Consolidated income statement	Slight improvement	€1m - €2m
Borrowing costs	Consolidated income statement	Slight deterioration	€1m - €2m
Net overall earnings	Consolidated income statement	Not material	Not material
Net cash flow from operating activities	Statement of consolidated cash flows	Marked improvement	€35m - €40m
Net cash flow from financing transactions	Statement of consolidated cash flows	Marked deterioration	€35m - €40m

7.5 Financial risk factors

Liquidity risk

Identification of the risk

A prudent liquidity management plan involves keeping a sufficient level of liquid assets and having financial resources through appropriate credit facilities. The Group ensures that it always has sufficient liquidity to meet its commitments, in particular to realise investment opportunities.

Managing risk/Exposure

The Group has:

- centralised cash management when local legislation permits;
- internal procedures to optimise debt recovery;
- credit lines set up for €160 million, as part of a "Club Deal" for a maximum seven-year term (from 2015), and renewable short-term lines of credit for €28.5 million.

This Club Deal requires the following ratios to be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

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

At 31 December 2018, these ratios were met. The application of IFRS 16 in 2019 will not impact the determination of these financial ratios.

The Company performed a specific review of its liquidity risk and considers that it is in a position to meet its future commitments.

Interest rate risk

Identification of the risk

The Group's interest rate risk relates to the “Club Deal” agreed in March 2015 and indexed to the Euribor for the corresponding period. It therefore incurs an interest rate risk based on changes in the reference index.

Managing risk/Exposure

Due to low debt levels, the Group did not consider it necessary to arrange interest rate hedging, especially since its financing is short term. The Group's exposure remains limited. At 31 December 2018, financial debt at variable rate amounted to €93.3 million.

An average increase of 100 basis points in the reference variable rate over a year would increase the Group's borrowing costs by €0.9 million.

Customer credit risk

Identification of the risk

Credit risk represents the risk of financial loss in the event that a client does not fulfil its contractual obligations.

Managing risk/Exposure

The Group's clients are mainly large accounts, thus limiting the risk of insolvency (see note 4.2 Duration of customer relationships). The average customer account collection period is 93 days (92 days in 2017).

The Group has established internal procedures to assess the risk of customer insolvency during the pre-sales process and subsequently to efficiently collect these receivables.

The ALTEN Group derives 31.3% (31.9% in 2017) of its revenue from its ten main customers, with its largest customer representing 10.1% (10.2% in 2016) of Group revenue, within various legal entities in several countries. There is no identified risk of dependency with regard to a specific client.

Foreign exchange risk

Identification of the risk

Operating foreign exchange risk: Although the Group has a broad international presence, the currency flows linked to its activity, with a few exceptions, are limited to each subsidiary's internal market and primarily converted into local currencies.

Foreign exchange risk: The financing needs of subsidiaries outside the euro zone and some of the Group's financing transactions expose certain entities to a foreign exchange risk (risk linked to the change in value of debts or receivables in currencies other than the operating currency of the lending or borrowing entity). In general, the Group's external financing is denominated in euros. However, certain external growth transactions may have resulted in refinancing by the Group in foreign currencies but remain limited and are completely or partially covered by bank borrowings in foreign currencies.

Foreign exchange risk: there are Group subsidiaries outside the euro zone, notably in the US, Sweden and the United Kingdom. The financial statements of these subsidiaries, when translated into the consolidation currency, are subject to changes in exchange rates.

Managing risk/Exposure

The Group's exposure to operational and financial foreign exchange risk is limited. Translation risk constitutes the Group's main exposure to foreign exchange risk:

BALANCE SHEET EXPOSURE

(In millions of euros)	2018						
	USD	SEK	GBP	CAD	CHF	CNY	Other currencies
Trade receivables	59.1	41.8	20.3	9.5	10.4	14.3	26.8
Trade payables	11.2	7.9	0.6	2.2	1.4	2.3	6.0
Cash and cash equivalents	15.7	2.3	3.2	1.3	11.0	2.2	22.1
Bank overdrafts	2.2		0.0	0.0		0.8	0.2
Bank borrowings	&		1.3	2.2		0.1	0.6

REVENUE EXPOSURE

<i>(In millions of euros)</i>	2018	
	Amount	% of revenue
Revenue denominated in USD	222.6	9.8%
Revenue denominated in SEK	136.1	6.0%
Revenue denominated in GBP	64.6	2.8%
Revenue denominated in CAD	35.2	1.5%
Revenue denominated in CHF	42.7	1.9%
Revenue denominated in CNY	23.5	1.0%
Revenue denominated in other currencies	91.4	4.0%
REVENUE EXPOSURE	616.0	27.1%
Total consolidated revenue	2,269.9	100.0%

Share risk: treasury shares and other equity instruments

The risk relating to stock market prices is low. In addition to treasury shares held under the liquidity contract (13,830 shares), ALTEN SA holds 460,022 treasury shares, representing 1.36% of its share capital at 31 December 2018.

The free shares awarded by the Board of Directors of ALTEN SA during the financial year and in the previous year and not yet issued represent a maximum potential dilution of 2.18% of the share capital at 31 December 2018.

NOTE 8 - PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised whenever the Group has an obligation towards a third party and it is probable or certain to result in an outflow of resources for the benefit of such a third party. The Group is supported by its external advisors to assess the probability of realisation of the risk and the estimation of the accrual related to disputes and other litigations.

Provisions are discounted when their maturity is estimated to be over one year and when their amount represents a significant factor for the Group.

A restructuring provision is recognised when the Group has approved a formal restructuring plan and has either begun to put it into effect or made it public.

A provision for loss-making contracts is recognised whenever the economic benefits expected to flow from a contract are less than the direct costs of meeting the contracted commitments.

8.1 Provisions

<i>(In thousands of euros)</i>	Social disputes ⁽¹⁾	Commercial disputes	Other risks ⁽²⁾	TOTAL
AT 31/12/2017	4,852	1,688	4,897	11,437
Reclassification	(408)		408	0
Exchange rate variations	0	(3)	(5)	(8)
Provisions for the financial year	2,482	103	1,398	3,983
Reversals (provisions used)	(884)	(17)		(901)
Reversals (provisions not used)	(818)	(114)	(126)	(1,058)
AT 31/12/2017	5,225	1,658	6,571	13,454
<i>Of which current provisions</i>	3,664	1,658	2,243	7,565
<i>Of which non-current provisions</i>	1,560		4,329	5,889

(1) Social disputes involve sums that taken individually are insignificant.

(2) Miscellaneous risks pertain to provisions primarily covering social security and tax risks.

8.2 Contingent liabilities

Following tax audits for the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority led to demands totalling €8.5 million being applied to research tax credits for ALTEN SA and income tax and VAT totalling €2.8 million

for another French subsidiary. The Group's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2018 financial statements. The Group will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit, income tax and VAT.

NOTE 9 - INCOME TAXES

9.1 Breakdown of income tax expenses

Operating subsidies and tax credits similar to subsidies are recorded as deductions under the expenses they are intended to offset (mainly personnel expenses for research tax credits and the tax credit for encouraging competitiveness and jobs (CICE).

The company value-added contribution (CVAE) in France is recognised under income tax expense.

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Net income: Group and minority interests	160,608	148,320
Earnings of equity-accounted companies	(9,117)	(5,735)
Impairment of goodwill	0	1,323
Share-based payments	5,212	11,103
Income tax expense	61,200	50,196
PRE-TAX EARNINGS	217,903	205,206
Tax rate of the consolidating company	34.43%	34.43%
Theoretical income tax expense	75,031	70,659
Special 3% tax on dividends paid	(20)	(4,651)
Additional contribution in France in 2017	0	1,504
Difference in tax rate versus foreign companies	(10,589)	(6,756)
Difference in tax rate versus French companies	508	0
Miscellaneous tax credits	(17,582)	(14,105)
Inactivated deferred tax assets	3,373	(192)
CVAE (value added tax) reclassification	8,652	7,946
Other permanent differences	1,827	(4,210)
TAX EXPENSE RECOGNISED	61,200	50,196
EFFECTIVE INCOME TAX RATE	28.09%	24.46%
Income tax distribution:		
Deferred taxes	(1,389)	(111)
Income tax payable	62,589	50,306
TOTAL	61,200	50,196

The relatively low effective tax rate of 24.46% in 2017 is due to several non-recurring items during the financial year: tax income arising from the claim for a refund of dividend tax paid in France, a reduced tax liability on the long-term capital gain realised on the disposal of Ausy shares (which explains in particular the other permanent differences in 2017), and an increased tax base as a result of the additional income from the research tax credit and the

tax credit for encouraging competitiveness and jobs in France during the year.

In 2018, the effective tax rate of 28.09% was increased (+1.5 points) by the combined effect of the absence of activation of tax losses and the upturn in deferred tax assets on losses of certain subsidiaries registering tax losses.

9.2 Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised whenever there is a temporary difference between the book value of assets and liabilities and their taxation values, and on any recoverable tax losses, according to the liability method.

Tax-loss carry-forwards are the object of a deferred tax asset in the balance sheet when they are likely to be recovered. Recoverability of these taxes is calculated according to the entity's budgets and the applicable tax regulations in the country.

Deferred taxes are measured at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates adopted or substantively adopted at the reporting date.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Deferred tax receivables and liabilities consist of:

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Employee profit-sharing	2,204	1,721
Retirement benefits	6,431	5,850
Other timing differences	1,557	2,199
Tax-loss carry-forwards	1,817	3,076
TOTAL DEFERRED TAXES	12,010	12,846
Including:		
DEFERRED TAX ASSETS	12,435	12,930
DEFERRED TAX LIABILITIES	(425)	(83)

The change in deferred tax assets and liabilities breaks down as follows:

<i>(In thousands of euros)</i>	31/12/2018	31/12/2017
Deferred taxes at start of year	12,846	12,277
Impact on total income IAS 19/IFRIC 21	(1,076)	(691)
Change in scope	(24)	(27)
Exchange rate variations	(698)	1,177
Expenses (or income) for the period	961	111
DEFERRED TAXES AT YEAR END	12,010	12,846

The amount of non-activated deferred taxes for tax-loss carry-forwards amounted to €6.9 million (€22.1 million basis) at 31 December 2018.

NOTE 10 - ADDITIONAL INFORMATION

10.1 Audit fees

The table below shows Statutory Auditors' fees for ALTEN SA (KPMG and Grant Thornton) in relation to the Group:

	KPMG				GRANT THORNTON			
	Amount		%		Amount		%	
	2018	2017	2018	2017	2018	2017	2018	2017
AUDIT								
Statutory audit, certification, review of accounts:								
• Issuer	219	206	28%	34%	226	217	22%	23%
• Fully consolidated subsidiaries	329	289	42%	47%	706	660	70%	71%
SUBTOTAL	548	495	71%	81%	932	877	92%	94%
SERVICES OTHER THAN CERTIFICATION OF ACCOUNTS								
• Issuer	0	64	0%	11%	20	20	2%	2%
• Fully consolidated subsidiaries <i>including legal, tax, corporate</i>	228	51	29%	8%	62	37	6%	4%
	18	5	2%	1%	3	6	0%	1%
SUBTOTAL	228	115	29%	19%	82	57	8%	6%
TOTAL	776	610	100%	100%	1,015	934	100%	100%

10.2 Related-party transactions

 Compensation and benefits granted to Executive Corporate Officers⁽¹⁾

	2018		2017	
	Amount paid	Amount due	Amount paid	Amount due
Simon AZOULAY				
• fixed compensation	€306,478	€306,478	€120,000	€120,000
• variable compensation	None	None	None	None
• extraordinary compensation	None	None	None	None
• directors' fees ⁽²⁾	€337,500	€450,000	€412,500	€450,000
• benefits in kind	€5,811	€5,811	€5,811	€5,811
TOTAL	€649,789	€762,289	€538,311	€575,811

	2018		2017	
	Amount paid	Amount due	Amount paid	Amount due
Gérald ATTIA				
• fixed compensation	€199,974	€199,974	€203,269	€203,269
• variable compensation	None	None	None	None
• extraordinary compensation	None	None	None	None
• directors' fees	€84,000	€84,000	€84,000	€84,000
• benefits in kind	€4,046	€4,046	€4,152	€4,152
TOTAL	€288,020	€288,020	€291,421	€291,421

	2018		2017	
	Amount paid	Amount due	Amount paid	Amount due
Pierre MARCEL				
• fixed compensation	€378,172	€378,172	€323,264	€323,264
• variable compensation	None	None	None	None
• extraordinary compensation	None	None	None	None
• directors' fees	None	None	None	None
• benefits in kind	€5,394	€5,394	€5,394	€5,394
TOTAL	€383,566	€383,566	€328,658	€328,658

(1) Amounts are expressed in gross values.

(2) Directors' fees received through the company SGTI, of which Mr AZOULAY is Chairman and sole shareholder.

Compensation and benefits granted to non-Executive Corporate Officers

The Board of Directors has awarded directors' fees to non-executive Board members for the 2018 financial year.

	2018		2017	
	Amount paid	Amount due	Amount paid	Amount due
Aliette MARDYKS				
Directors' fees	€9,000	€16,500	None	€9,000
Other compensation	None	None	None	None
Evelyne FELDAMN				
Directors' fees	€15,000	€16,500	€6,000	€15,000
Other compensation	None	None	None	None
Philippe TRIBAUDEAU				
Directors' fees	€10,500	€10,500	€4,500	€10,500
Other compensation	None	None	None	None
Marc EISENBERG				
Directors' fees	€6,000	€13,500	€1,500	€6,000
Other compensation	None	None	None	None
Jane SEROUSSI				
Directors' fees	€17,000*	€9,000	None	€8,000
Other compensation	None	None	None	None
Emily AZOULAY				
Directors' fees	€8,000	€12,000	€3,000	€8,000
Other compensation	None	None	None	None
Anaëlle AZOULAY				
Directors' fees	€8,000	€2,000	€2,000	€8,000
Other compensation	None	None	None	None
Jérôme VALAT				
Directors' fees	None	None	None	None
Other compensation	Employment contract	Employment contract	Employment contract	Employment contract
Marwane METIOUI				
Directors' fees	None	None	None	None
Other compensation	Employment contract	Employment contract	Employment contract	Employment contract
TOTAL	€56,500	€80,000	€17,000	€64,500

* Of which €9,000 paid for the 2016 financial year.

Information concerning defined-contribution schemes for Corporate Officers

Social contributions for managers for the 2018 financial year amounted to €406 thousand (€442 thousand in 2017).

Related-party transactions

Non-consolidated subsidiaries, Group associates or companies controlled directly by the Group's directors.

	31/12/2018	31/12/2017
Revenue	229	310
Other operating income (expenses)	(3,533)	(4,506)
Financial income (expenses)	614	610
TOTAL	(2,690)	(3,586)

Au Balance sheet

	31/12/2018	31/12/2017
Long-term financial assets ⁽¹⁾	23,658	25,590
Trade receivables	318	90
Other receivables	359	61
ASSETS	24,334	25,741
Trade payables	391	757
Other debt	10	18
LIABILITIES	401	757

(1) Essentially a loan with an associate.

10.3 Information on the statement of cash flows

Changes in depreciation, provisions and other calculated income / expenses	31/12/2018	31/12/2017
Amortisation of intangible assets	3,864	3,413
Depreciation of property, plant and equipment	10,242	9,598
Impairment of goodwill	1,204	1,323
Provisions for risks and expenses	5,191	1,995
Other income and calculated expenses	(511)	2,001
TOTAL	19,990	18,331

Breakdown of taxes paid	31/12/2018	31/12/2017
Repayments received	8,678	6,713
Payments made	(69,183)	(59,043)
TOTAL	(60,505)	(52,331)

Impact of changes in scope and earn-outs	31/12/2018	31/12/2017
Acquisitions of consolidated subsidiaries	(56,859)	(32,252)
Cash from new consolidated subsidiaries	8,738	4,797
Cash from deconsolidated subsidiaries	(1)	0
Payment of earn-outs	(15,267)	(15,849)
TOTAL	(63,389)	(43,304)

Capital increase	31/12/2018	31/12/2017
Stock options exercised	0	239
Capital increase of minority interests	11	
TOTAL	11	239

20.3.2 ANNUAL ACCOUNTS 2018**1. BALANCE SHEET****1.1 Balance sheet, assets**

HEADINGS <i>(in thousands of euros)</i>	Gross	Depreciation and impairment	31/12/2018	31/12/2017
Intangible assets	54,822	16,713	38,109	38,907
Property, plant and equipment	28,062	20,138	7,924	6,769
Financial assets	247,257	16,109	231,149	219,055
FIXED ASSETS	330,141	52,960	277,181	264,732
Trade receivables	180,127	1,474	178,653	159,527
Other receivables	185,803	114	185,688	165,820
Marketable securities	1,056	-	1,056	830
Cash and equivalents	2,343	-	2,343	1,742
Prepaid expenses	6,085	-	6,085	3,156
CURRENT ASSETS	375,413	1,588	373,825	331,075
Unrealised foreign exchange losses	585		585	310
TOTAL	706,140	54,548	651,592	596,116

1.2 Balance sheet, equity and liabilities

HEADINGS <i>(in thousands of euros)</i>	31/12/2018	31/12/2017
Capital	35,522	34,383
Paid-in capital	54,375	54,375
Reserves and retained earnings	220,452	178,429
Profit for the year	78,266	76,526
SHAREHOLDERS' EQUITY	388,615	343,714
PROVISIONS FOR RISKS AND EXPENSES	10,403	10,575
Other loans and related debt	2,475	8,036
Miscellaneous financial borrowings and liabilities	85,792	81,112
Trade payables	46,814	39,771
Taxes and social security charges payable	90,747	86,872
Other debt	19,592	23,160
Deferred income	6,559	2,520
DEBT	251,980	241,471
Unrealised foreign exchange gains	594	357
TOTAL	651,592	596,116

2. INCOME STATEMENT

2.1 Income statement

HEADINGS	2018	2017
<i>(in thousands of euros)</i>		
NET REVENUE	536,421	522,190
Reversal of depreciation, amortisation and provisions, transfers of expenses	4,718	3,137
Other income	13,658	10,423
Operating revenue	554,797	535,750
Other external purchases and costs	190,541	177,690
Taxes other than on income	19,953	18,730
Personnel expenses	313,445	298,958
Depreciation, amortisation and provisions charges	7,180	6,366
Other operating expenses	2,475	1,606
Operating expenses	533,594	503,350
OPERATING PROFIT	21,202	32,400
NET FINANCIAL INCOME	42,484	25,727
PROFIT (LOSS) BEFORE TAX	63,687	58,127
NON-RECURRING PROFIT	1,192	21,455
Employee profit-sharing	-	2,545
Income tax	(13,387)	510
PROFIT FOR THE YEAR	78,266	76,526

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3. NOTES

3.1 General information on ALTEN SA

Founded in 1988, ALTEN is the European leader in the engineering and technology consulting (ETC) market.

ALTEN SA carries out design and research projects for the technical and information systems divisions of major customers in the industrial, telecommunications and service sectors.

ALTEN SA works with its customers through various types of contracts:

- consulting;
- workpackage or “global platforms”. These services are generally provided by committing resources and billed on a time-spent basis, or in work units;
- fixed-price projects under which ALTEN is bound by an obligation to achieve results at a fixed price. This business represents less than 10% of activity.

The scope of ALTEN SA's business covers all outsourced engineering and technology consulting services.

ALTEN Group's consolidated financial statements are available at: www.alten.com, in the “Investors” section.

3.2 Key events

3.2.1 Activity

Activity in 2018 was satisfactory.

The aeronautics sector continues to be a fast-expanding industry with digital transformation (augmented reality, IOT, Big Data, Factory 4.0, etc.). The automotive industry, defence and security continued to grow, as did life sciences.

3.2.2 Other information

During the first half of 2018, €33,365 thousand in dividends were paid to shareholders in respect of financial year 2017.

A tax audit on the 2015, 2016 and 2017 financial years started during the 2018 financial year and was still in progress at the close of the year.

On 31 October 2018, ALTEN SA dissolved ALTEN SIR Global Testing Services through a merger with ALTEN SA.

3.3 Events after the reporting period

On 1 January 2019, ALTEN SA dissolved ALTEN TRAINING CENTER through a merger with ALTEN SA.

3.4 Accounting principles and methods

The accounting principles and methods applied by ALTEN SA are compliant with the generally accepted accounting standards in France (*Plan Comptable Général*) pursuant to ANC (*Autorité des Normes Comptables*) regulation 2014-03 of 5 June 2014 as amended by ANC regulations 2015-05, 2015-06 and 2016-07.

General accounting conventions have been applied, in accordance with the principle of prudence and the fundamental accounting concepts of:

- going concern;

- the same accounting methods used from one year to the next;
- independence between years;
- these accounting conventions are also applied in accordance with the general rules for preparing and presenting annual financial statements.

The main accounting methods used are as follows:

3.4.1 Change in accounting methods

None.

3.4.2 Fixed assets

Tangible and intangible assets are valued at acquisition or production cost.

Depreciation and amortisation are calculated on a straight-line basis over the following estimated useful lives:

- development costs 5 to 10 years;
- concessions-patents, IT licences 1 to 3 years;
- transport equipment 5 years;
- office and computer equipment 1 to 5 years;
- office furniture 5 to 10 years;
- fixtures and fittings 3 to 10 years;
- technical facilities, tools and equipment 1 to 10 years.

Development costs are capitalised as intangible assets and all expenses directly attributable to the creation, production and preparation of the asset in view of its planned use are capitalised.

Information systems are amortised over five to ten years.

Residual value and anticipated lifespan are reviewed at least annually and adjusted accordingly if they differ significantly from previous estimates.

All depreciation and amortisation charges are recognised under operating expenses.

3.4.3 Business assets

Business assets are valued at its acquisition cost. These are not amortised but are tested for impairment. The recoverable value is based on the discounted future cash flow generated by the continued use of the assets tested. The discounting is applied at a rate corresponding to the weighted average cost of capital.

The main criteria chosen for the application of the valuation method using Discounted Cash-Flow are described under the heading “Investment securities”.

3.4.4 Investment securities

The gross value of investment securities is recorded on the balance sheet at acquisition cost. The acquisition cost of investment securities comprises a fixed portion paid at the time an interest is acquired and any variable earn-outs based on the acquired entity's future revenues and earnings. These earn-outs are recognised under investment securities against debt on non-current assets. They are carried in the balance sheet under other debt.

When the value in use of the securities is less than the net book value, a provision for impairment is recorded for the difference.

Value in use is determined through:

- either the Discounted Cash Flow method, corrected for net debt. This projection is based on the following assumptions:
 - a four-year financial budget prepared by the entity and validated by the Group's Financial Department, updated when the year-end budget is prepared. The cash flow beyond the four-year period is extrapolated, taking into account a perpetual growth rate,
 - perpetual growth rate: this growth rate does not exceed the long-term average growth rate for the business sector,
 - discount rate: this rate corresponds to the weighted average cost of capital, derived from risk-free interest rates, country and market risk premium, beta coefficient and the cost of debt,
 - net debt (except for business assets); or
- the share of net assets revalued for holding companies.

3.4.5 Treasury shares

Treasury shares are recorded in the following accounts:

- financial assets when they are held for the purpose of covering stock options or other employee shareholding systems;
- marketable securities:
 - when they are allocated to a "liquidity contract" entrusted to an agent to promote liquidity of securities and share price liquidity, or
 - when they are held for delivery to employees of the Company or its subsidiaries.

They appear on the balance sheet at their acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold. If the value of treasury shares allocated to the liquidity contract is less than their acquisition value, the shares are subject to impairment testing. Treasury shares held for delivery to its own employees are

subject to provisioning calculated pro rata for the vesting period just ended. Treasury shares held for delivery to its subsidiaries' employees are not subject to impairment testing, to the extent the cost of such treasury shares equals the increased cost price, if applicable management fees will be rebilled when they are delivered to employees of its subsidiaries.

3.4.6 Trade receivables

Trade receivables are valued at nominal value. They are individually valued and, where applicable, impaired to account for any difficulties in collecting certain amounts.

Any such impairment is recognised once there is an indication of the inability to recover the full amount, such as bankruptcy procedures or non-payment by the due date. The amount of the impairment or reversal is recognised as operating profit.

For any trade receivables that are not subject to individual impairment, the impairment method applied is a statistical one.

3.4.7 Marketable securities

Securities (money market funds) recognised in the balance sheet are valued at the lower of either their historical cost or market value.

3.4.8 Provisions for risks and expenses

Provisions for risks and expenses are recorded at year-end whenever the Company has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such a third party, with no anticipated consideration of at least equal value.

The estimate of the amount recorded under the provisions is the expense the Company is likely to incur to discharge the obligation.

Among these provisions are retirement benefits as estimated by an independent actuarial firm, in compliance with ANC Recommendation 2013-02.

Benefits payable to retiring employees are calculated on the basis of the current headcount at reporting date. It is based on the following items:

Presentation of actuarial assumptions	31/12/2018	31/12/2017
Discount rate	2.00%	1.80%
Revaluation rate for employees		
Managerial staff	1.50%	1.50%
Non-managerial staff	2.00%	2.00%
Employer contribution rate		
Managerial staff	43.00%	47.00%
Non-managerial staff	43.00%	46.50%
Mortality table		
For women	<i>INSEE TF 13/15</i>	<i>INSEE TF 13/15</i>
For men	<i>INSEE TH 13/15</i>	<i>INSEE TH 13/15</i>
Retirement age		
Managerial staff	<i>65 years old</i>	<i>65 years old</i>
Non-managerial staff	<i>60 to 62 years old</i>	<i>60 to 62 years old</i>

The proposed discount rate corresponds to the yield on AA-rated corporate bonds in the euro zone, adjusted for the duration of ALTEN SA's commitments.

ALTEN SA relies on its external advisors to assess the probability of occurrence of the risks and the estimation of the provisions for disputes and other litigations.

3.4.9 Unrealised foreign exchange gains and losses

Costs and income in foreign currency are recorded at their exchange value on the transaction date.

Receivables and debts in foreign currency are recorded in the balance sheet at their exchange value on the year-end date. The difference resulting from the discounting of debts and receivables in foreign currency at this latest rate is recognised in unrealised foreign exchange gains or losses with a provision recorded for exchange rate risk.

Translation adjustments resulting from the remeasurement of cash and equivalents are taken to profit and loss, unless the cash and equivalents are part of a hedge relationship. In this case, the translation adjustments are entered in the balance sheet and the principles of hedge accounting are applied. Our Company does not have hedging instruments.

Translation adjustments for operating debts and receivables (actual or provisioned) are recognised in operating profit or loss. Translation adjustments for liabilities and financial receivables (actual or provisioned) are recognised in financial income.

3.4.10 Revenue recognition

Revenue is recognised over the period in which services are rendered. It is recognised according to the type of service, as follows:

- on a time-worked basis: income is equal to time spent multiplied by an hourly, daily or monthly rate;

- on a fixed-rate basis: income is recognised according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision corresponding to the total expected loss less any losses already recorded in advance. Services for which a fixed price is charged account for less than 10% of revenue;
- “workpackage” method: recognition of revenue varies according to the nature of the resource commitment. When the workpackage is part of a global cost-based scheme, income is equal to time spent multiplied by an hourly, daily or monthly sales rate; when it is part of an outsourced platform for which billing is on a monthly or quarterly fixed-price basis, income is recognised on a monthly basis according to the amount of the agreement, independent of the actual time spent by the consultants; lastly, when it is part of a service commitment package (workpackage), revenue is recognised as and when deliverables and/or performance indicators (work units) are received/validated by the customer and for which the price has been fixed in the workpackage contract.

3.4.11 Employment and Competitiveness Tax Credit (CICE)

In accordance with the recommendations of the ANC, the CICE is credited against personnel expenses as the corresponding compensation expenses are incurred.

ALTEN SA declares the compensation concerned on its employer contributions forms in accordance with the conditions of eligibility for the scheme.

The CICE is used in accordance with its intended purpose and finances neither a share of distributed earnings, nor an increase in compensation of employees in management positions.

The CICE for 2018 amounted to €9,250 thousand.

3.4.12 Tax consolidation

ALTEN SA follows a tax consolidation regime in which it is the Group's holding company.

Under this agreement, ALTEN SA is solely liable for payment of corporation tax on behalf of subsidiaries, which are responsible for

indemnifying ALTEN SA for this expense. In the event a subsidiary records a loss, this is also transferred to ALTEN SA. This loss is not repaid to the subsidiary in the event of exclusion from the tax consolidation scope.

3.5 Tables and Notes to the Balance Sheet

3.5.1 Fixed assets, gross value

HEADINGS (in thousands of euros)	31/12/2017	Increases	Decreases	31/12/2018
Intangible assets	54,787	1,395	1,361	54,822 ⁽¹⁾
Property, plant and equipment	24,939	5,440	2,317	28,062
Financial assets	248,214	4,572	5,529	247,257 ⁽²⁾
TOTAL	327,941	11,407	9,206	330,141

(1) At 31/12/2018, intangible assets comprise business assets mainly from universal asset and liability transfers for €33,062 thousand and IT projects and licences for €21,760 thousand.

(2) Increases in financial fixed assets mainly concern security deposits for premises for €2,104 thousand, the purchase of shares from minority shareholders of a subsidiary with significant influence for €700 thousand and the recapitalisation of two subsidiaries for €639 thousand. Reductions mainly concern returns of security deposits for premises for €1,336 thousand and the disposal of shares in the investment fund X Ange Capital 2 for €2,750 thousand.

3.5.2 Depreciation and amortisation

HEADINGS (in thousands of euros)	31/12/2017	Increases	Decreases	31/12/2018
Intangible assets	15,674	2,066	1,233	16,507 ⁽¹⁾
Property, plant and equipment	18,170	4,225	2,257	20,138
TOTAL	33,844	6,291	3,490	36,646

(1) No impairment was recorded for business assets during the year.

3.5.3 Breakdown of financial assets

HEADINGS (in thousands of euros)	31/12/2017	Increases	Decreases	31/12/2018
Investment securities	211,211	1,339	616	211,934 ⁽¹⁾
Related receivables	19,874	954	808	20,021
Other equity interests	11,329	134	2,750	8,713 ⁽²⁾
Loans	1,699	41		1,740
Other financial assets	4,101	2,104	1,355	4,849
TOTAL	248,214	4,572	5,529	247,257

(1) Increases concern the purchase of shares from minority shareholders for €700 thousand and the subscription for the capital increase of ALTEN SIR Global Security Services subsidiary for €436 thousand and AIXIAL Development subsidiary for €200 thousand.

(2) The reduction concerns the disposal of shares in the investment fund X ANGE Capital 2.

3.5.4 Provisions and impairments

HEADINGS <i>(in thousands of euros)</i>	31/12/2017	Increases	Decreases	31/12/2018
Provisions for risks				
Provisions for litigation	1,491	678	765	1,404
Other provisions for risks	310	340	64	585
Provisions for charges				
Provisions for retirement benefits	8,472	-	109	8,363
Other provisions for charges	301	-	250	51
TOTAL PROVISIONS	10,575	1,018	1,189	10,403
Impairments				
For intangible assets	206	-	-	206
For property, plant and equipment	-	-	-	-
For financial assets	29,159	15	13,065	16,109 ⁽¹⁾
For accounts receivable	2,429	132	1,088	1,474
Other	112	78	76	114
TOTAL IMPAIRMENTS	31,906	225	14,229	17,903

(1) Reductions in financial fixed assets are essentially made up of reversals of provisions for impairment of Programm Planning Professionnal INC shares for €11,153 thousand, ATEXIS France shares for €1,300 thousand and the reversal of the provision for shares in ALTEN SIR Global Testing Services of €612 thousand following the universal asset transfer.

Impact <i>(in thousands of euros)</i>	Provisions	Reversals	
		Prov. used	Prov. not used
Operating profit	888	1,278	760
Net financial income	355	1,606	11,161 ⁽¹⁾
Non-recurring profit	-		
TOTAL	1,243	2,885	11,921

(1) Used and unused reversals amount to €14,806 thousand. Reductions in provisions and impairments amount to €15,418 thousand. The difference between the two tables amounts to €612 thousand and corresponds to the reversal of the provision for ALTEN SIR Global Security Services shares following the merger carried out during the financial year.

The table below presents the main actuarial assumptions and structural operating assumptions used for impairment tests on investment securities.

The growth rate and discount rate assumptions used in the valuation of all cash-generating units were revised in light of general market data.

Country	Average annual revenue growth rate 2018-2020	Perpetual growth rate	Weighted average cost of capital (WACC)
France	5%	2%	8.1%
North America	5%	2%	7.3%
UK	5%	2%	8.1%

3.5.5 Statement of maturity dates of receivables and payables

RECEIVABLES BY ITEM			
<i>(in thousands of euros)</i>	Gross amounts	Up to one year	More than 1 year
Receivables, fixed assets			
Receivables from companies in which an equity interest is held	20,021	3,057	16,963
Loans	1,740	1,740	-
Other financial assets	4,849	895	3,954
Receivables, current assets			
Trade receivables	180,127	180,127	-
Personnel and social security receivables	365	365	-
State, income tax	80,602	80,602	-(1)
State, value added tax	10,070	10,070	-
Groups and associates	91,616	91,616	-
Other receivables	3,151	3,151	-
Prepaid expenses	6,085	5,827	257(2)
TOTAL RECEIVABLES	398,625	377,450	21,175

(1) Mainly CIR and CICE receivables not offset against corporate income tax under the tax consolidation group.

(2) Including €1,960 thousand for rents and €1,896 thousand for maintenance.

DEBTS BY ITEM				
<i>(in thousands of euros)</i>	Gross amounts	Up to 1 year	More than 1 year and less than 5 years	More than 5 years
Loans and debts with credit establishments	2,475	2,475	-	-
Miscellaneous financial borrowings and liabilities	41,008	41,008	-	-(1)
Trade payables	46,814	46,814	-	-
Personnel and social security debts	47,101	47,101	-	-
Tax liabilities	43,646	43,646	-	-
Groups and associates	44,785	44,785	-	-
Other debt	19,592	18,124	1,391	77
Deferred income	6,559	6,559	-	-
TOTAL DEBTS	251,980	250,512	1,391	77

(1) Including €39,877 thousand related to two loans granted by a subsidiary.

3.5.6 Outstanding charges

OUTSTANDING CHARGES BY ITEM	
<i>(in thousands of euros)</i>	31/12/2018
Loans and debts with credit establishments	89
Miscellaneous financial borrowings and liabilities	898
Trade payables	12,277
Taxes and social security charges payable	41,284
Other debt	16,267
TOTAL	70,814

3.5.7 Revenue accruals

REVENUE ACCRUALS BY ITEM <i>(in thousands of euros)</i>	31/12/2018
Receivables from companies in which an equity interest is held	557
Other financial assets	87
Trade receivables	36,718
Personnel and related accounts	46
State and other public authorities	5,227
Other receivables	2,470
TOTAL	45,103

3.5.8 Cash and cash equivalents and marketable securities

These mainly consist of money market funds whose underlying surplus was immaterial at 31 December 2018.

3.5.9 Prepaid expenses

PREPAID EXPENSES BY TYPE <i>(in thousands of euros)</i>	31/12/2018
Operating expenses	5,683 ⁽¹⁾
Financial expenses	401
TOTAL	6,085

(1) Including €1,960 thousand related to rents and €1,896 thousand related to maintenance.

3.5.10 Deferred income

DEFERRED INCOME BY TYPE <i>(in thousands of euros)</i>	31/12/2018
Operating revenue	6,559
TOTAL	6,559

3.5.11 Change in shareholders' equity

Dates/Values <i>(in thousands of euros)</i>	Number of shares	Capital	Additional paid-in capital	Legal reserve	Other reserves	Retained earnings	Earnings	Shareholders' equity
AT 31 DECEMBER 2017	33,828,497	34,383	54,375	3,424	31,615	143,389	76,526	343,714
2017 allocation of earnings				14		76,513	(76,526)	-
Dividends paid in 2018						(33,365)		(33,365)
Capital increase	1,961	1,139			(1,139)			- ⁽¹⁾
Earnings at 31 December 2018							78,266	78,266
AT 31 DECEMBER 2018	33,830,458	35,522	54,375	3,438	30,477	186,537	78,266	388,615

(1) The number of shares issued in 2018 corresponds to the allocations of free Preferred B shares.

In September 2018, ALTEN SA increased the nominal value of the ALTEN share. The capital increase relating to this transaction was carried out by incorporation of existing reserves in accordance with the decision of the Combined Ordinary and Extraordinary General Meeting of 22 June 2017.

At 31 December 2018, the nominal value of one share was €1.05 (€1.016 previously).

3.5.12 Information regarding capital

At 31 December 2018, 754,770 ordinary shares could be issued following the allocation of free and preferred shares.

3.5.13 Share-based payments

ALTEN SA's Board of Directors awarded free shares during the financial year as part of an authorisation granted by the General Meeting of 24 June 2018. Two separate plans were drawn up for this award, the main terms of which are shown in the table below, together with those of the plans of previous years:

PLAN

Date awarded by the Board of Directors	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	25/04/2018	24/10/2018	TOTAL
Class of financial instruments awarded	Preferred B shares	Ordinary shares	Ordinary shares						
Number of financial instruments awarded	1,572	500	18	167	729	200	75,320	100,450	
<i>of which number awarded to employees</i>	1,572	500	18	167	729	200	75,320	100,450	
<i>of which number awarded to Corporate Officers</i>	-	-	-	-	-	-	-	-	
Number of instruments voided over the period	28	-	-	-	35	-	-	-	
Number of instruments subscribed for over the period	-	-	-	-	-	-	-	-	
Number of instruments outstanding at 30/06/2018	1,461	500	18	167	694	200	75,320	100,450	
Fair value of the financial instruments (in euros)	1,438.7	1,702.7	2,555.1	2,389.6	2,862.2	2,856.4	74.3	73.7	
Final award date	27/07/2018	27/10/2018	26/04/2019	26/07/2019	19/09/2019	25/10/2019	25/04/2019	24/10/2022	
End of lock-up/ non-transferability period	27/07/2020	27/10/2020	26/04/2021	26/07/2021	19/09/2021	25/10/2021	25/04/2020	Aucune	
Employer contribution cost 2018 (in thousands of euros)	87	37	1	-	33	18	767	16	961
TOTAL									961

For plans awarded in 2016, at the end of the lock-up period, the preferred A and B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion parity is: 1 Preferred share = (100 x M x Revenue Coef) x 20% + (100 x M x OPA Coef) x 80%.

PREFERRED A SHARES

Revenue 2018 (Rev) - (in millions of euros)	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2018 (OPA) – in millions of euros	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 1,850	> or = 20.0%	100%	> or = 183	> or = 20.0%	100%	
1,810	17.5%	80%	179	17.4%	80%	Default = 0.01
1,772	15.0%	60%	175	15.0%	60%	
1,734	12.5%	40%	171	12.1%	40%	Presence on 2nd anniversary of award = 0.02
1,695	10.0%	20%	168	10.0%	20%	
< 1,695	< 10.0%	0%	< 168	< 10.0%	0%	Presence on 3rd anniversary of award = 1

PREFERRED B SHARES

Revenue 2019 (Rev) - (in millions of euros)	Growth in relation to 2015	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2019 (OPA) – (in millions of euros)	Growth in relation to 2015	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> ou = 1,942	> ou = 26%	100%	> ou = 192	> ou = 26%	100%	
1,880	22.0%	80%	186	22,0%	80%	Default = 0.01
1,818	18.0%	60%	180	18,0%	60%	
1,757	14.0%	40%	174	14,0%	40%	Presence on 3 rd anniversary of award = 0.01
1,695	10.0%	20%	168	10,0%	20%	
< 1,695	< 10.0%	0%	< 168	< 10,0%	0%	Presence on 4 th anniversary of award = 1

For plans awarded in 2017, at the end of the lock-up period, the preferred B shares may be converted into ordinary shares provided that the performance and presence criteria are met.

The conversion parity is: 1 Preferred share = (100 x M x Revenue Coef) x 20% + (100 x M x OPA Coef) x 80%.

PREFERRED B SHARES

Revenue 2020 (Rev) - (in millions of euros)	Growth in relation to 2016	Translation coefficient linked to revenue growth (Rev Coef)	Operating profit on activity 2020 (OPA) – (in millions of euros)	Growth in relation to 2016	Translation coefficient linked to OPA growth (OPA Coef)	Presence-based multiplying coefficient (M)
> or = 2,203	> or = 26%	100%	> or = 228	> or = 26%	100%	
2,133	22.0%	80%	221	22.0%	80%	Default = 0.01
2,063	18.0%	60%	213	18.0%	60%	
1,993	14.0%	40%	206	14.0%	40%	Presence on 3 rd anniversary of award = 0.01
1,923	10.0%	20%	199	10.0%	20%	
< 1,923	< 10.0%	0%	< 199	< 10.0%	0%	Presence on 4 th anniversary of award = 1

For the plans awarded in 2018:

- the shares of the 25/04/2018 plan, after the definition allocation date and subject to presence, will be disposable at the end of the lock-up period;
- the shares of the 24/10/2018 plan will be definitively awarded at the end of the vesting period subject to the effective presence of

the beneficiary and the final number of such shares depends on the attainment of the performance criteria below according to the following formula: Number of shares definitively awarded = Number of shares initially awarded x (CO Coef + OMA Coef + FC Coef + QCSR Coef) / 4. With:

cCO	cOMA	cFC	cQCSR
Based on the annual weighted rate of organic growth	Based on the annual weighted rate of activity operating margin	Based on the annual weighted rate Normative free cash flow/revenue	Based on the annual average of the ALTEN composite CSR index*

3.5.14 Information on financial liabilities

ALTEN SA and its subsidiary ALTEN CASH MANAGEMENT are responsible for Group financing by holding non-confirmed, short-term lines of credit, renewable annually, and open lines of credit in the amount of €160,000 thousand for a maximum of seven years (from 2015). At the close of the financial year, this line of credit was used in the amount of €86,000 thousand, drawn down by Alten Cash Management. This “Club Deal” requires the following ratios to

be met for each 6-month and 12-month period while the contract is in force and an advance is outstanding:

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

At 31 December 2018, these ratios were met.

3.6 Tables and Notes to the income statement

3.6.1 Revenue by geographical area

HEADINGS <i>(in thousands of euros)</i>	2018	2017
France	523,605	513,293
Export	12,816	8,897
TOTAL	536,421	522,190⁽¹⁾

(1) Of which 2018 revenue from operations (excluding ongoing management income) of €425,504 thousand compared with €411,266 thousand in 2017.
(1) 2018 revenue management fees of €42,047 thousand compared with €35,718 thousand in 2017.

3.6.2 Transfer of expenses

The balance of the transfer of expenses account was €2,679 thousand. It was composed, for the most part, of rebilled and transferred personnel expenses.

3.6.3 Financial income

ITEMS BY NATURE <i>(in thousands of euros)</i>	2018	2017
Dividends of subsidiaries	34,252	21,131
Provisions (net of reversals) on financial assets	12,413	5,308 ⁽¹⁾
Other	(4,181)	(712) ⁽²⁾
TOTAL	42,484	25,727

(1) Mainly concerns reversals of provisions for impairment of investment securities.
(2) In 2018, mainly concerns a write-off granted to a subsidiary.

3.6.4 Non-recurring profit

ITEMS BY NATURE <i>(in thousands of euros)</i>	2018	2017
Gains and losses on assets sold	1,189	21,499 ⁽¹⁾
Other	4	(45)
TOTAL	1,192	21,455

(1) In 2018, mainly concerns the disposal of shares of the XANGE Capital 2 fund in 2017, mainly concerns the gain on disposal of AUSY securities.

3.6.5 Corporate income tax

3.6.5.1 Breakdown of tax on current and non-recurring profit

<i>(in thousands of euros)</i>	Pre-tax earnings	Taxes			Net income
		Theoretical	Loss carryforward to allocate	Due	
Current profit	63,687	5,207		5,207	74,616
Tax credits				(16,136)	⁽¹⁾
Non-recurring profit (and profit-sharing)	1,192	(393)		(328)	1,520
Tax saving linked to tax consolidation				(2,113)	2,113 ⁽²⁾
Miscellaneous				(17)	17
TOTAL	64,879	4,814		(13,387)	78,266

(1) Mainly concerns the research tax credit for €14,570 thousand and the sponsorship tax credit for €1,462 thousand.

(2) Mainly concerns the tax savings linked to loss-making subsidiaries for €1,875 thousand.

3.6.5.2 Information on the deferred or underlying tax position

BASES BY TYPE		
<i>(in thousands of euros)</i>	31/12/2018	31/12/2017
Reduction bases of future tax liabilities		
Provisions for retirement benefits	8,363	8,472
Other provisions for risks and expenses	17,543	30,715
Outstanding charges	813	2,717
Unrealised foreign exchange gains	594	357
Other income taxed in advance	91	248
REDUCTION BASES OF FUTURE TAX LIABILITIES, TOTAL	27,403	42,509
FUTURE TAX ASSETS, TOTAL	8,775	14,637⁽¹⁾
Increase bases of future tax liabilities		
Unrealised foreign exchange losses	585	310
Return of losses to consolidated subsidiaries	17,321	17,357
INCREASE BASES OF FUTURE TAX LIABILITIES, TOTAL	17,906	17,667
FUTURE TAX LIABILITIES, TOTAL	5,734	6,083⁽¹⁾
DEFERRED NET FISCAL POSITION	3,041	8,554
(1) Tax rate used	32.02%	34.43%
Of which normal corporate tax rate:	31.00%	33.33%
Social contribution on tax:	3.30%	3.30%

3.7 Other information

3.7.1 Headcount

Average headcount by category	2018	2017
Managerial staff	5,202	5,171
Non-managerial staff	419	364
TOTAL	5,621	5,535

3.7.2 Compensation of Corporate Officers

The Board of Directors has nine members, including the Chairman and founder. ALTEN SA has two Deputy Chief Executive Officers.

No ALTEN SA Corporate Officer receives compensation under an employment contract concluded with ALTEN SA.

In accordance with the legislation in force, no advances or credits were granted to the company executives or Corporate Officers.

The Board of Directors has awarded directors' fees to non-executive Board members for the 2018 financial year. A provision was recorded in the 2018 financial statements for €65 thousand.

3.7.3 Tax consolidation

ALTEN SA is the head Company of the tax consolidation Group, which includes several subsidiaries.

The tax payable by this group amounted to €23,083 thousand. The net savings benefiting ALTEN SA amount to €2,113 thousand.

Excluding the impact of the tax consolidation, ALTEN SA generated tax income of €11,274 thousand.

3.7.4 Contingent liabilities

Following a tax audit of the period from 1 January 2013 to 31 December 2014, the adjustments proposed by the tax authority led to demands totalling €8.5 million being applied to research tax credits. ALTEN SA's de facto and de jure case is sufficiently robust to enable us to continue to challenge the proposed adjustments. Therefore, no provision has been made in the 2018 financial statements, and ALTEN SA will continue to liaise with the tax authority as part of hierarchical appeals lodged to continue to defend its stance on the research tax credit.

3.7.5 Off-balance sheet commitments

COMMITMENTS BY CATEGORIES <i>(in thousands of euros)</i>	Total	Directors	Related companies	Other
Commitments given				
Bonds, pledges and guarantees	2,000		2,000	
TOTAL COMMITMENTS GIVEN	2,000	-	2,000	-
Commitments received				
TOTAL COMMITMENTS RECEIVED	-	-	-	-
Mutual commitments				
TOTAL MUTUAL COMMITMENTS	-	-	-	-

3.7.6 Treasury shares

Within the framework of the share buyback programme adopted by the Combined Ordinary and Extraordinary General Meetings of 27 June 2008 and 23 June 2009, the Company purchased and sold the following shares under its liquidity contract during the past financial year.

No acquisition of treasury shares to be awarded to employees took place during the 2018 financial year.

Treasury shares are recognised under financial assets in the amount of €8,713 thousand for a total of 460,022 shares purchased.

Treasury shares are not revalued in the annual financial statements. Based on the average from the last 20 days of the trading month, treasury shares are estimated at €34,748 thousand.

	31/12/2018	31/12/2017
Unallocated shares		
Shares held at start of year	460,022	460,022
Shares held at closing	460,022	460,022
Liquidity contract		
Shares held at start of year	11,736	2,934
Shares purchased	162,468	67,539
Shares sold	(160,374)	(58,737)
Shares held at closing	13,830	11,736
TOTAL	473,852	471,758

3.7.7 Table of subsidiaries and associates

Subsidiaries and equity investments	Capital	Reserves and retained earnings before allocation of earnings	Share of capital held (%)	Book value of securities held		Loans and advances made by the Company and not yet repaid	Guarantees and bonds given by the Company	Revenue excl. tax for last financial year	Net income (profit or loss for the last financial year)	Dividends received by the Company during the financial year
				Gross	Net					
Subsidiaries more than 50% held (in thousands of euros)										
ID.APPS	100	689	100%	127	127	-		5,673	(212)	
Alten SIR	20,003	14,791	100%	26,221	26,221	-		132,829	5,481	4,000
APTECH	100	2,367	100%	1,852	1,852	-		16,815	1,000	1,000
ALTEN TRAINING CENTER	16	781	100%	1,018	950	-		2,088	431	
ALTEN CASH MANAGEMENT	850	(342)	100%	3,623	3,623	49,908		-	10,475	
ALTEN EUROPE	57,120	137,803	100%	58,072	58,072	17,852		-	41,078	
PEGASE SI	100	161	100%	1,113	845	-		724	128	
ALTEN SUD-OUEST	15,061	13,309	100%	15,939	15,939	-		166,933	11,766	13,000
MI-GSO SAS	5,000	9,874	100%	11,941	11,941	-		87,017	6,533	4,000
ALTEN AEROSPACE	37	3,467	100%	37	37	-		20,677	2,978	2,500
ELITYS CONSULTING	60	942	100%	1,750	1,750	-		8,042	433	
ANOTECH ENERGY France	100	9,469	100%	621	621	-		61,927	406	
ALTEN SI TECHNO ROMANIA	1	2,411	100%	0	0	0		9,575	881	698
AVENIR CONSEIL FORMATION	50	7,449	99.96%	533	533	-		26,248	2,619	1,999
ATEXIS France	500	(757)	100%	12,215	1,300	-		16,162	1,339	
HPTI	40	14,313	100%	40	40	-		-	(645)	
PROGRAM PLANNING PROFESSIONALS LTD	0	8,972	100%	14,082	14,082	-		24,577	297	
PROGRAM PLANNING PROFESSIONALS INC	3	3,808	100%	29,830	25,000	-		19,169	1,497	
AIXIAL DEVELOPMENT SASU	200	0	100%	204	204	-		-	(63)	
ALT03	1	(4)	100%	1	0	-		-	(1)	
HPA	100	17	100%	100	100	-		-	140	
ALTEN CYBER SECURITY SAS	150	(11)	100%	513	513	-		2,550	54	
ALTEN LIFE SCIENCES HOLDING	1	(374)	100%	1	1	-		-	2,021	
ALTEN TECHNOLOGIES	500	545	100%	588	588	-		57,765	3,681	
HUBSAN	100	938	100%	100	100	-		13,539	538	
LINCOLN SAS	561	3,189	100%	11,989	11,989	1,475		20,577	3,043	4,000
AIXIAL	6,102	10,417	87.19%	15,420	15,420	-		47,981	9,497	3,052
ALT06	1	0	100%	1	-	-		-	0	
ALT07	1	0	100%	1	-	-		-	0	
ALT08	1	0	100%	1	-	-		-	0	
Employee profit-sharing (in thousands of euros)										
THE POSITIVE THINKING COMPANY	5,217	(582)	37%	3,964	3,964	1,337		0	(1,000)	

Subsidiaries and equity investments	Capital	Reserves and retained earnings before allocation of earnings	Share of capital held (%)	Book value of securities held		Loans and advances made by the Company and not yet repaid	Guarantees and bonds given by the Company	Revenue excl. tax for last financial year	Net income (profit or loss for the last financial year)	Dividends received by the Company during the financial year
				Gross	Net					
General disclosures concerning other subsidiaries and equity investments										
<i>(in thousands of euros)</i>										
French subsidiaries										
Foreign subsidiaries										
Interests in French companies										
Interests in foreign companies										
				37	37					4

20.4 VERIFICATION OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Alten S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Alten S.A. for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in the section "IFRS 15" of the Note 1.1 "Applicable accounting guidelines" to the consolidated financial statements relating to the adoption on 1 January 2018. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill: "Note 5.1 Goodwill and Impairment of" to the consolidated financial statements

● Key Audit Matter

As of December 31, 2018, the balance sheet shows Goodwill for a net book value of € 494,1 million, representing 29,7 % of the total assets.

Goodwill are allocated to Cash-Generating Units (CGU) or to groups of cash-generated units that can benefit from business combinations that led to Goodwill. These assets are not amortized and are subject to an impairment test at least once a year, as disclosed in note 5.1 of the consolidated financial statements.

CGUs correspond to the legal entities or to relevant business combinations of legal entities.

These annual impairment tests are based on the value-in-use of each cash-generating unit (CGU), determined on the basis of estimated discounted future net cash flows. When the estimate is lower than the net book value of the CGU, the difference is recorded as an impairment loss in the operating income; it is affected in priority to the Goodwill.

The CGU flows rely on projections based on the following assumptions (cf. note 5.1 of the consolidated financial statements) :

- A 4-year financial budget plan established by entity and validated by the Group's Finance Division, updated when the year-end budget is prepared.
- Cash flow beyond the four-year period is extrapolated for the terminal value calculation, taking into account a perpetual growth rate which does not exceed the long term average growth rate for the business sector, and;

- Discount rates based on the weighted average cost of capital, resulting from risk-free rates, market and country risk premium, beta coefficient and cost of debt (net of corporate tax).

We considered the valuation of goodwill as a key audit matter, given the weight of these assets in the consolidated balance sheet, the importance of management's judgment in determining cash flow assumptions, discount rates and long-term average growth rate, as well as the sensitivity of the valuation of their value-in-use to these assumptions.

• Our audit approach

As part of our audit, we examined the process implemented by the Company regarding the performance of impairment tests. We performed procedures on the CGUs that we considered as the most risky, and controlled:

- The consistency and the reasonableness of assumptions of projection relating to turnover and margin rate used with the performance history of the Group and the economic and financial environment in which the Group operates;
- The reasonableness of the discount and perpetual growth rates applied to the estimated cash flows by assessing, with the support of our valuation specialists and the parameters that compose them with external references;
- -anagement analysis of sensitivity calculations to a variance of the main assumptions used;
- The calculation of value in-use.

We also verified that notes 5.1 to the consolidated financial statements state appropriate information.

Revenue Recognition for fixed price services rendered

"Note 1.1 Applicable accounting guidelines – section IFRS 15" & "Note 4.2 Revenue, working capital requirements and duration of client relationships" to the consolidated financial statements

• Key Audit Matter

Alten Group operates in the engineering and technology consulting market and provides various services to its clients which can be contracted under three types as mentioned in the note 4.2 to the consolidated financial statements:

- Time & Material services for which the turnover is recognized on the time spent multiplied by an hourly, daily or monthly rate;
- Workpackage services rendered for which revenue recognition differs according to the nature of the resource commitment: global cost-based scheme, outsourced service, part of a service commitment package (workpackage);
- Fixed price contracts for which revenue is recognized according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision,

For fixed price services rendered, the turnover amount and costs to record in the financial year, and the potential contract loss provision at year end, depend on the Group's capacity:

- to measure incurred costs for fixed price services;
- to estimate the remaining costs to be incurred until the end of the contract.

In view of the assumptions and estimate of the Management that are part of the revenue recognition and cost accounting, we considered fixed price revenue recognition as a key audit matter.

• Our audit approach

We obtained an understanding of the revenue recognition process for fixed price contracts.

With the help of our IT experts, we took into account in our audit approach IT systems involved in revenue recognition and the recording of associated costs, by testing the efficiency of automated system controls affecting revenue recognition.

We notably performed the following procedures:

- we identified the main manual and automated controls, relevant to our audit and tested their design and operational efficiency;
- we performed analytical audit procedures and interviews with Financial and administrative managers, especially on significant and/or atypical turnover and margin rates variances;
- We selected fixed price projects on a multi-criteria basis. For the selected projects, we reconciled the completion turnover with contracts and order forms, corroborated the amount of costs incurred on the calculation of the percentage of completion against the actual costs incurred; and we arithmetically controlled the percentage of completion used, so as to confirm the recognized turnover for the financial year;
- we assessed the appropriateness of information included in the notes to the consolidated financial statements.

Taxation risk

"Note 8. Provisions and Contingent liabilities" to the consolidated financial statements

• Key Audit Matter

The Alten Group operates in a large number of various fiscal jurisdictions. Its positions are regularly subject to fiscal issues from fiscal authorities in countries in which the entities of the Group operate, on matters related to their current activities.

Some tax controls can lead to tax adjustments and litigations with tax authorities. Provisions for risks and expenses are recorded at year-end whenever the Group has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such third party. The Group is supported by its external advisors to assess the probability of realization of the risk and the estimation of the accrual related to disputes and other litigations. For the contingent liabilities, this information is provided into the note 8 of the consolidated financial statement.

We considered the risks related to tax controls as a key audit matter, with respect to the Group's exposure to fiscal issues, due to: its international presence, the tax credit on research and development (CIR) on financial years 2013 and 2014 as part of the specificities of the business, and the degree of judgment made by Management in the assessment of those risks and the recorded amounts.

• Our audit approach

We obtained an understanding of the procedures implemented by the Group to evaluate and to accrue, when necessary, the fiscal risks resulting from tax adjustment notifications.

Besides, we assessed, with the assistance of our tax specialists, the judgments made by the Management and the appropriateness of the estimate taken into account in the determination of the provision related to tax adjustments.

In order to assess whether the fiscal litigations have been correctly apprehended, we performed the following procedures:

- we performed interviews with the Group's Management and local managements so as to assess the current state of investigations carried out and notified tax adjustments by tax authorities and follow developments of contestations and ongoing litigation or pre litigation procedures;
- we consulted recent decisions and correspondence from the Group's entities with the local fiscal authorities, and read the correspondence between the local entities and their legal advisors when necessary;
- we carried out a critical review of the estimate and positions taken by the Management and of the opinions of its external advisors;
- we analyzed the responses of the external advisors to our confirmation queries;
- we verified that the last developments have been taken into account in the estimate of risks and accruals recorded in the balance sheet;
- we then verified the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Extra-financial performance declaration

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Alten by your General Shareholders' meetings held on June 18, 2015 for KPMG Audit IS and June 25, 2003 for Grant Thornton.

As at December 31, 2018, KPMG Audit IS was in its 4th year of total uninterrupted engagement, and Grant Thornton in its 16th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the

Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, April 26, 2019

The Statutory Auditors

French original signed by

Grant Thornton
French member of Grant Thornton International
Vincent Frambourt
Shareholder

KPMG Audit IS
French member of Grant Thornton International
Jean-Pierre Valensi
Shareholder

20.4.2 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Annual General Meeting of Alten S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Alten S.A. for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment of investment securities

"Notes 3.4.4 Investment securities, 3.5.3 Breakdown of financial assets, 3.5.4 Provisions and impairments and 3.7.7 Table of subsidiaries and associates"

● **Key Audit Matter**

As of December 31, 2018, investment securities are recorded in the balance sheet at a gross value of € 211.9 million, or 30 % of the total assets. The gross value of investment securities is recorded on the balance sheet at acquisition cost.

As disclosed in note 3.4.4 to the separate financial statements, an impairment loss on the investment securities is accounted for when the value-in-use is lower than the net book value of investment securities.

The value-in-use is determined either using the ownership interest of revalued net equity for holding companies, or through the Discounted Cash Flow method, corrected for net indebtedness.

We considered the valuation of investment securities as a key audit matter presenting a risk of material misstatement, given the significant amount of investment securities in the balance sheet as well as uncertainties inherent to certain items, including the realization of forecasts used in the the value-in-use estimate.

● **Our audit approach**

As part of our audit, we examined the impairment testing process implemented by Alten Management in estimating the value-in-use of investment securities.

Our audit work mainly consisted in verifying, for each investment security and on the basis of information communicated to us, that the estimation of the value-in-use by Management is based on the appropriate valuation model and data used, that is:

- when the value-in-use of investment securities is measured based on the ownership interest of net equity, verify the consistency of the ownership interest of net equity used by Management with the companies' financial statements;
- when the value-in-use of investment securities is assessed using the discounted cash flow method:
 - analyse the consistency and the reasonableness of assumptions of sales and margin rate forecasts, in comparison with past performances and considering the economic and financial environment in which the Company operates,
 - assess the discount rates applied to the estimated future cash flows, with the support of our valuation specialists, by comparing the parameters used with external references.

In addition to our audit procedures on the value-in-use of investment securities, our audit work consisted as well in:

- assessing the recoverability of related receivables in consideration of analyses performed on investment securities;

- controlling that a provision for risks is accounted for when the Company is committed to support the losses of a subsidiary which has negative net equity;
- verifying that the notes to the separate financial statements state appropriate information.

Revenue Recognition for fixed price services rendered

"Notes 3.4.10 Revenue Recognition, 3.6.1 Revenue by geographical area"

● **Key Audit Matter**

Alten firm operates in the engineering and technology consulting market and provides various services to its clients which can be contracted under three types:

- Time & Material services for which the turnover is recognized on the time spent multiplied by an hourly, daily or monthly rate.
- workpackage services rendered for which revenue recognition differs according to the nature of the resource commitment : global cost-based scheme, outsourced service, part of a service commitment package (workpackage) as described in the note 3.4.10 of the financial statements.
- Fixed price contracts for which revenue is recognized according to the percentage of completion method, proportionally to the expenses incurred. Loss-making contracts give rise to recognition of a contract loss provision.

For fixed price services rendered, the turnover amount and costs to record in the financial year, and the potential contract loss provision at year end, depend on the firm's capacity :

- to measure incurred costs for fixed price services;
- to estimate the remaining costs to be incurred until the end of the contract.

In view of the assumptions and estimate of the Management that are part of the revenue recognition and cost accounting, we considered fixed price revenue recognition as a key audit matter.

● **Our audit approach**

We obtained an understanding of the revenue recognition process for fixed price contracts.

With the help of our IT experts, we took into account in our audit approach IT systems involved in revenue recognition and the recording of associated costs, by testing the efficiency of automated system controls affecting revenue recognition.

We notably performed the following procedures:

- we identified the main manual and automated controls, relevant to our audit and tested their design and operational efficiency;
- we performed analytical audit procedures and interviews with Financial and administrative managers, especially on significant and/or atypical turnover and margin rate variances;
- we selected fixed price projects on a multi-criteria basis. For the selected projects, we reconciled the completion turnover with contracts and order forms, corroborated the amount of costs incurred on the calculation of the percentage of completion against the actual costs incurred; and we arithmetically controlled the percentage of completion used, so as to confirm the recognized turnover for the financial year;

- We assessed the appropriateness of information included in the notes to the statutory financial statements.

● **Taxation risk**

"Notes 3.4.8 Provisions for risk and expenses and 3.7.4 Contingent liabilities"

● **Key Audit Matter**

Alten firm is regularly subject to fiscal issues from french fiscal authorities and its positions leads to questions from these authorities.

Some of these tax controls can lead to tax adjustments and litigations with tax authorities for the firm or some of its subsidiaries. Provisions for risks and expenses are recorded at year-end whenever the firm has an obligation towards a third party which is likely or certain to result in an outflow of resources for the benefit of such third party. The firm is supported by its external advisors to assess the probability of realization of the risk and the estimation of the accrual related to disputes and other litigations. For the contingent liabilities, this information is provided into the note 3.7.4 of the statutory financial statement.

We considered the risks related to tax controls as a key audit matter, with respect to the exposure to fiscal issues, due to the tax credit on research and development (CIR) on financial years 2013 and 2014 as part of the specificities of the business, and the degree of judgment made by Management in the assessment of those risks and the accrued amounts.

● **Our audit approach**

We obtained an understanding of the procedures implemented by the firm to evaluate and to accrue, when necessary, the fiscal risks resulting from tax adjustment notifications.

Besides, we assessed, with the assistance of our tax specialists, the judgments made by the Management and the appropriateness of the estimate taken into account in the determination of the provision related to tax adjustments.

In order to assess whether the fiscal litigations have been correctly apprehended, we performed the following procedures:

- we performed interviews with the Firm's Management so as to assess the current state of investigations carried out and notified tax adjustments by tax authorities and follow developments of contestations and ongoing litigation or pre litigation procedures;
- we consulted recent decisions and correspondence from the firm's entities with the local fiscal authorities, and read the correspondence between the local entities and their legal advisors when necessary;
- we carried out a critical review of the estimate and positions taken by the Management and of the opinions of its external advisors;
- we analyzed the responses of the external advisors to our confirmation queries;
- we verified that the last developments have been taken into account in the estimate of risks and accruals recorded in the balance sheet.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Alten S.A. by your General Shareholders' meetings held on June 18, 2015 for KPMG Audit IS and June 25, 2003 for Grant Thornton.

As at December 31, 2018, KPMG Audit IS was in its 4th year of total uninterrupted engagement, and Grant Thornton in its 16th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting

principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, April 26, 2019

The Statutory Auditors

French original signed by

Grant Thornton
French member of Grant Thornton International
Vincent Frambourt
Shareholder

KPMG Audit IS
French member of Grant Thornton International
Jean-Pierre Valensi
Shareholder

20.5 DATE OF LATEST FINANCIAL INFORMATION

The last financial year for which financial information was audited was the year ended 31 December 2018.

20.6 INTERIM FINANCIAL INFORMATION AND OTHER INFORMATION

The consolidated revenue of the ALTEN Group for the first quarter of 2019 was published on 24 April 2019.

20.7 DIVIDEND DISTRIBUTION POLICY

The table below summarises the amount of dividends distributed, which are entirely eligible for the allowance provided for by article 158-3-2 of the French general tax code, for the three previous financial years:

	2018 (for the 2017 financial year)	2017 (for the 2016 financial year)	2016 (for the 2015 financial year)
Gross dividend per ordinary share <i>(in euros)</i>	1.00	1.00	1.00
Gross dividend per Preferred share <i>(in euros)</i>	0.50	-	-

Future gross dividends will depend on the Company's ability to generate profits, its financial position, its development strategy and all other factors that the Board of Director's consider relevant.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

Other than as mentioned in Section 4.5 of this Registration Document, there are no other governmental, judicial, arbitration or administrative procedures, including all procedures known to the

Company, that are pending or liable to occur and likely to result or which have resulted in a material impact on the financial position or profitability of the issuer and/or the Group over the past 12 months.

20.9 MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

There were no material changes in the financial or commercial position of the ALTEN Group during the year since the end of the last year for which audited financial statements have been published.

ADDITIONAL INFORMATION

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21.1 SHARE CAPITAL

21.1.1 SUBSCRIBED AND AUTHORISED CAPITAL

The Board of Directors' meeting of 20 September 2018, using the delegation of authority received from the Combined Ordinary and Extraordinary General Meeting on 22 June 2017, under the terms of its 14th resolution, increased the share capital by raising the nominal value of the share to €1.05. The nominal value of ALTEN shares was automatically converted into euros in 2002 and so corresponded to an implied nominal value of just under €1.01639917.

At 31 December 2018, subscribed share capital amounted to €35,521,980.90, divided amongst 33,825,747 ordinary shares, 2,750 Preferred A Shares and 1,961 Preferred B Shares, as noted by the Chairman and Chief Executive Officer of the Company on 29 October 2018, when he received the sub-delegation of the Combined Ordinary and Extraordinary General Meeting of 24 May 2016. These shares represent 39,013,974 theoretical voting rights.

At the beginning of the 2018 financial year, there were 33,825,747 ordinary shares in circulation and 2,750 Preferred A Shares, with the

creation of 1,961 Preferred B Shares following the definitive awarding of the said Preferred Shares taking place during the year.

On the day that his Registration Document was produced, share capital amounted to €35,601,066.90, divided into 33,901,067 ordinary shares, 2,750 Preferred A Shares and 1,961 Preferred B Shares.

The discrepancy between the number of shares and voting rights is due to a double voting right and the fact that Preferred A and B Shares do not have voting rights.

The discrepancy between the number of theoretical voting rights and the actual number of voting rights corresponds to the number of treasury shares and the number of Preferred A and B Shares definitively awarded.

The ordinary shares are freely transferable; they are either registered shares or bearer shares as decided by the shareholder.

21.1.2 SHARES NOT REPRESENTING CAPITAL

The Articles of Association set out the issuance of Preferred Shares.

See Section 15.2 of this Registration Document for details of the allocations of Preferred Shares made on 31 December 2018.

21.1.3 SHARE BUYBACKS AND TREASURY SHARES

21.1.3.1 Report on share buyback programme

The Combined Ordinary and Extraordinary General Meeting of 20 June 2018 authorised the Board of Directors, for a period of 18 months from that General Meeting, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to proceed with the purchase, in one or more tranches, at the times of its choice, of the Company's shares subject to a maximum of 5% of the number of shares comprising the share capital, adjusted where necessary for any capital increase or decrease that might take place

during the term of the programme. This authorisation replaces that granted by the General Meeting of 22 June 2017.

ALTEN has entrusted the management of a liquidity contract, in accordance with the AMAFI Code of Ethics, to KEPLER CAPITAL MARKET (Paris). ALTEN and KEPLER CHEVREUX concluded a new liquidity contract which came into force on 1 January 2019. This contract is an update of the initial contract. It was drawn up following the changes in regulations relating to liquidity contracts and particularly aims to comply with AMF decision No. 2018-01 of 2 July 2018 applicable from 1 January 2019.

TRANSACTIONS CARRIED OUT DURING THE 2018 FINANCIAL YEAR UNDER THE LIQUIDITY CONTRACT:

	Purchasing			Trading fees	Number of shares	Sales		
	Number of shares	Average price of purchases	Total amount of purchases			Average price of sales	Total amount of sales	Trading fees
Objectives								
Cancellation	0	-	-	-	0	-	-	-
Acquisitions	0	-	-	-	0	-	-	-
Allocation to employees	0	-	-	-	0	-	-	-
Coverage of securities that give a right to the allocation of shares	0	-	-	-	0	-	-	-
Liquidity contract	162,468	€82.3293	€13,375,880.36	-	160,374	€82.3987	€13,214,611.14	-
TOTAL	162,468	€82,3293	€13,375,880.36	-	160,374	€82.3987	€13,214,611.14	-

SITUATION AT THE CLOSE OF THE FINANCIAL YEAR:

Total number of shares held in portfolio	473,852 (1.40% of capital)
<i>Including:</i>	
Number of shares held with a view to supporting the share price by way of an AMAFI (French Financial Markets Association) liquidity contract	13,830 (0.040% of capital)
Number of shares held with a view to acquisitions	0
Number of shares held with a view to covering stock options or other employee shareholding systems	460,022 (1.36% of capital)
Number of shares held with a view to covering securities	0
Number of shares held with a view to cancellation	0
Overall nominal value of shares held in portfolio	€497,544.60
Value calculated at purchase price of shares held in portfolio	€1,066,267.61

21.1.3.2 Description of share buyback programme

In accordance with the provisions of Article 241-2 of the AMF's General Regulation, the aim of this document is to describe the purposes and terms of the Company's share buyback programme. This programme will be submitted for the approval of the General Meeting on 18 June 2019.

1. Overview by objectives of equity securities held as at 31 March 2019

Total number of shares held in portfolio	462,705 (1.368% of capital)
<i>Including:</i>	
Number of shares held with a view to supporting the share price by way of an AMAFI (French Financial Markets Association) liquidity contract	2,683 (0.008% of capital)
Number of shares held with a view to acquisitions	0
Number of shares held with a view to covering stock options or other employee shareholding systems	460,022 (1.36% of capital)
Number of shares held with a view to covering securities	0
Number of shares held with a view to cancellation	0

2. New share buyback programme

Programme authorisation: Combined Ordinary and Extraordinary General Meeting of 18 June 2019.

Securities concerned: ordinary shares.

Maximum share of capital whose buyback is authorised: 4% of the capital (1,356,042 ordinary shares at the current date); this limit is assessed on the date of the buyback so that any capital increases or decreases during the term of the programme may be taken into consideration. The number of shares taken into consideration in calculating this limit corresponds to the number of shares bought, after deduction of the number of shares resold for liquidity purposes during the term of the programme.

Maximum purchase price: €120.

Maximum programme amount: €162,725,040.

Buyback terms: purchases, sales and transfers may be carried out by all available means on the market or through a private sale, including transactions on blocks of shares; the resolution put to shareholders does not limit the proportion of the programme which may be fulfilled by the purchase of blocks of shares. This programme may not be used during the period of a public offer on the Company's shares initiated by a third party, until the offer period has expired.

Purpose:

- to proceed with any cancellation of the shares acquired, subject to the authorisation granted by this Extraordinary General Meeting;
- to ensure a secondary market or the liquidity of ALTEN shares through a securities service provider *via* a liquidity contract in compliance with the regulations, it being specified that in this respect, the number of shares taken into account for the calculation of the above limit corresponds to the number of shares bought, less the number of shares sold;
- to hold the purchased shares and later offer them in exchange or payment in potential acquisitions;
- to cover share option plans and/or free share allocation plans (or similar schemes) to Group employees and/or Corporate Officers as well as any shares allocated under company or Group savings plans (or similar schemes) with respect to company profit-sharing and/or any other form of allocating shares to the Group's employees and/or Corporate Officers;
- to cover securities which give a right to shares in the Company within the scope of regulations currently in effect.

Programme term: 18 months from the General Meeting of 18 June 2019 until 17 December 2020, inclusive.

21.1.4 SECURITIES CONFERRING A RIGHT IN THE SHARE CAPITAL**Potential dilution (on a fully-diluted basis)**

On the basis of 33,830,458 shares (including 2,750 Preferred A Shares and 1,961 Preferred B Shares) issued at 31 December 2018, the share capital may potentially increase by a maximum of 754,770 new shares, equivalent to 2.20% of the fully diluted capital.

This dilution would occur through the issue of ordinary shares as a result of free allocations of shares and Preferred Shares.

<i>(number)</i>	31/12/2018	% Dilution	31/12/2017	Change
Number of shares	33,830,458		33,828,497	1,961
Awards of free shares and of free Preferred A or B Shares (awarded but not yet issued as at 31/12/2018, excluding lapsed or voided shares)	754,770	2.2	585,300	169,470
Potential dilution (on a fully-diluted basis)	754,770	2.2	585,300	169,470
TOTAL POTENTIAL CAPITAL	34,585,228		34,413,797	171,431

21.1.5 TERMS OF ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS OVER AUTHORISED BUT UNISSUED CAPITAL OR AN UNDERTAKING TO INCREASE THE CAPITAL

None.

21.1.6 OPTIONS OR AGREEMENTS

None.

21.1.7 HISTORY OF SHARE CAPITAL

INFORMATION RELATING TO THE PERIOD COVERED IN THE HISTORICAL FINANCIAL INFORMATION

Date	Transaction	Capital	Cumulative premiums	Number of shares (including Preferred Shares)
28/01/2016	Stock options exercised	€34,214,663.60	€45,692,156.25	33,662,625
23/02/2016	Stock options exercised	€34,217,865.26	€45,745,490.09	33,665,775
11/04/2016	Stock options exercised	€34,231,180.12	€46,007,876.23	33,678,875
25/05/2016	Stock options exercised	€34,236,262.13	€46,114,619.22	33,683,875
27/07/2016	Stock options exercised	€34,238,752.31	€46,149,393.54	33,686,325
20/09/2016	Stock options exercised	€34,239,362.15	€46,157,909.70	33,686,925
27/10/2016	Stock options exercised	€34,239,870.35	€46,165,006.50	33,687,425
23/12/2016	Stock options exercised	€34,240,175.27	€46,169,264.58	33,687,725
21/02/2017	Stock options exercised	€34,240,683.47	€49,176,361.38	33,688,225
26/04/2017	Stock options exercised	€34,244,184.97	€49,225,258.33	33,691,670
22/06/2017	Stock options exercised	€34,245,175.96	€49,239,097.09	33,692,645
26/07/2017	Stock options exercised	€34,245,249.14	€49,240,119.03	33,692,717
28/07/2017	Definitive allocation of free shares and of Preferred A Shares	€34,298,457.76	€49,240,119.03	33,745,067
19/09/2017	Stock options exercised	€34,300,388.92	€49,267,086.87	33,746,967
21/09/2017	Definitive allocation of free shares	€34,376,415.76	€49,267,086.87	33,821,767
25/10/2017	Stock options exercised	€34,377,940.36	€49,288,377.27	33,823,267
24/12/2017	Definitive allocation of Preferred A Shares	€34,378,174.13	€49,288,377.27	33,823,497
26/01/2018	Stock options exercised	€34,383,256.14	€49,395,095.26	33,828,497
30/07/2018	Definitive awarding of Preferred B Shares	€34,384,741.10	€49,395,095.26	33,829,958
20/09/2018	Increase in share's nominal value	€35,521,455.90	€49,395,095.26	33,829,958
29/10/2018	Definitive awarding of Preferred B Shares	€35,521,980.90	€49,395,095.26	33,830,458

21.2 STATUTORY INFORMATION

21.2.1 CORPORATE PURPOSE

The Company's corporate purpose is defined in Article 2 of the Articles of Association as follows: "All services provided in France and abroad in the technology, IT and electronics sectors, particularly as regards: consultancy, studies and engineering, training, support, maintenance, systems and network operations, facility management development and distribution of products, hardware or software, as well as the Company's participation by any direct or indirect means in all transactions related to its purpose, by creating new companies, by contributing to, subscribing or purchasing securities or corporate rights, through mergers or otherwise, the creation, acquisition, taking on a lease or management lease of any business assets or

establishments; taking over, acquiring, operating or selling all processes and patents connected with these activities. And more generally, all industrial, commercial, financial, civil, fixed or movable property transactions relating directly or indirectly to the corporate, purpose or any similar or related purpose".

Financial year (Article 25 of the Articles of Association)

The Company's financial year is twelve (12) months. It starts on 1 January and ends on 31 December of each year.

21.2.2 GOVERNANCE

21.2.2.1 Board of Directors – Composition – Term of office (Article 16 of the Articles of Association)

The Company is administered by a Board of Directors with no fewer than 3 and no more than 18 members; in the event of a merger, however, the Board may exceed a maximum of 18 members according to the conditions and limits defined in the French Commercial Code.

Directors are appointed by the Ordinary General Meeting, which may dismiss a Director from office at any time. In the event of a merger or a demerger, they are appointed by the Extraordinary General Meeting. A legal entity which is appointed as Director must designate a permanent representative who is subject to the same conditions and obligations as if he had been appointed Director in his own name.

A Company employee may only be appointed Director if his or her employment contract is current. The number of Directors employed by the Company may not exceed one-third of the total number of Directors in office.

Directors are appointed for a term of four years which expires following the Ordinary General Meeting held to approve the financial statements for the year in which such Director's term expires. All Directors whose term of office is ending are eligible to be re-elected.

The acceptance and the exercise of the duties of Director also entails the commitment, for each interested party, to attest in writing at any time that he or she personally fulfils the conditions and obligations required under the laws in force, especially with regard to concurrent appointments.

By virtue of Article L. 225-27-1 of the French Commercial Code, the Board of Directors includes a Director appointed by the Company's Works Council who represents the Group's employees. The term of office of the Director representing employees is four years.

21.2.2.2 Chairmanship of Board of Directors (Article 17 of the Articles of Association)

The Board elects a Chairman, who must be a natural person, from among its members for a period that does not exceed the Chairman's term as Director. The Board determines the Chairman's compensation under the conditions stipulated in Article L. 225-37-2 of the French Commercial Code. The Board of Directors may dismiss the Chairman at any time.

The Chairman of the Board of Directors organises and oversees the work of the Board. He or she ensures that the Company's bodies duly fulfil their obligations and, in particular, that the Directors are in a position to perform the tasks assigned to them.

If it deems this necessary, the Board of Directors may appoint one or more Deputy Chairmen from among its members, whose sole duty is to preside over Board meetings and General Meetings in the absence of the Chairman. The Board of Directors sets the term of his/her appointment, which cannot exceed that of their term as Director. Where the Chairman and Vice-Chairman are absent, the Board of Directors will appoint one of its members to preside over the meeting.

21.2.2.3 Deliberations of the Board of Directors – Minutes (Article 18 of the Articles of Association)

The Board of Directors meets as often as required by the Company's interests. The Board is convened by the Chairman at his discretion and, where the Chairman is not responsible for the General Management, as requested by the Chief Executive Officer. If the Board has not met in over two months, the meeting may be convened at the request of at least one-third of the Directors. Unless the meeting is convened by another party, the Chairman sets the agenda for the meeting. Meetings must be held at the registered office.

However, they may be held at another location as set forth in the convocation, provided this location has been approved by at least half of the Directors in office.

Deliberations of the Board are only valid if at least half of the Directors are present. The Company Internal Rules stipulate that individuals taking part in the meeting *via* videoconference, in accordance with the legal and regulatory provisions in effect are deemed present when calculating the quorum and the majority.

All decisions require a majority vote of those members present or represented. Each Director who is present or represented holds one voting right and each Director present may only hold one delegation of authority. In the event of a tied vote, the Chairman of the meeting has the deciding vote. If the Board is composed of fewer than five Directors and only two are present at the meeting, all decisions require a unanimous vote.

Deliberations of the Board are recorded in minutes which are then signed and kept in a special register or on single sheets in accordance with the corresponding provisions in effect.

At each meeting, the Board of Directors may appoint a secretary who is not required to be a Director.

21.2.2.4 Powers of the Board of Directors (Article 19 of the Articles of Association)

The Board of Directors determines policy for the Company's business and supervises its implementation. Subject to the powers expressly allotted to General Meetings and within the limits of the corporate purpose, it will address any question concerning the satisfactory running of the Company and rule by its deliberations any matters which relate to it.

21.2.3 RIGHTS ATTACHING TO SHARES

21.2.3.1 Statutory distribution of profits (Article 27 of the Articles of Association)

Distributable profit is profit for the year after deducting prior year losses, if any, and the sums to be allocated to reserves, as required by law or the Articles of Association, and adding retained earnings.

The General Meeting may appropriate any sums it deems necessary to any non-mandatory reserves, whether ordinary or non-recurring, or allocate such sums to retained earnings.

The General Meeting may also decide to distribute any sums drawn from the available reserves, specifying the reserve account from which the deduction is made. However, dividends must initially be drawn from the profits for the financial year. Following approval of the accounts by the General Meeting, any losses must be carried forward as accumulated losses and offset against future profits until eliminated.

21.2.3.2 Dividend payment terms (Article 28 of the Articles of Association)

The Ordinary General Meeting held to approve the year-end financial statements may grant each shareholder, for all or a portion of the dividends paid, or an advance on the dividends, the option of receiving some or all of the interim or final dividends in cash or in shares.

Concerning relations with third parties, the Company is bound by any actions taken by the Board of Directors, including actions which are not related to the corporate purpose unless the Company is able to prove that the third party was aware that the action in question did not fall within the scope of the Company's purpose or at least could not have been unaware of this fact given the circumstances.

The Board of Directors carries out inspections and verifications which it considers appropriate. The Company's Chairman or Chief Executive Officer shall provide each Director with all documents and information necessary for the performance of his duties.

21.2.2.5 General Management (Article 20 of the Articles of Association)

General Management of the Company is entrusted to either the Chairman of the Board of Directors or another natural person who may or may not be a member of the Board, who is appointed as Chief Executive Officer.

The Board of Directors chooses between the two available modes of General Management in accordance with Article 18 of the Articles of Association. It may modify this choice at any time. In each case, the Board of Directors informs the shareholders and third parties in accordance with the regulations in effect.

Where the Chairman is also Chief Executive Officer, he must comply with the provisions of the Articles of Association concerning the functions of general management.

21.2.3.3 Indivisibility of shares – Bare ownership – Usufruct (Article 13 of the Articles of Association)

Shares are indivisible with regard to the Company. The co-owners of undivided shares are represented at General Meetings by one of the owners or by a common agent. If there is disagreement, the agent shall be appointed by the courts at the request of the first co-owner to act.

Voting rights attaching to shares belong to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

21.2.3.4 Double voting rights (Article 14 of the Articles of Association)

Since the Combined Ordinary and Extraordinary General Meeting of 7 January 1999, a double voting right exists which is subject to the following provisions:

Once shares are registered in the bearer's name, the shareholder is authorised to benefit from a double voting right based on the time frame in effect at the time of registration. Any subsequent change to this time frame is not enforceable against such shareholder.

Notwithstanding the above, all fully paid-up shares which have been registered in the same name for a continuous period of at least four years are assigned double voting rights.

A merger or demerger of the Company shall have no effect on the double voting rights, which may be exercised by the beneficiary company(ies) if the Articles of Association of such company(ies) so provide.

Any share converted to bearer status or whose ownership is transferred loses its double voting rights.

21.2.3.5 Share capital – Preferred A or B Shares (Article 6 of the Articles of Association)

The Combined Ordinary and Extraordinary General Meeting of 24 May 2016 decided to create two new purchase types – Preferred A or B Shares – which are described below.

The statutory provisions relating to Preferred A or B Shares as set out below take into account the correction made by the General Meeting of 22 June 2017.

Rights attached to Preferred A Shares

Preferred A Shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 *et seq.*

Preferred A Shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, Preferred A Shares entitle their holders to dividends for all dividend distributions decided on for each ordinary share, at half of the amount to be distributed for each ordinary share. The dividend may not be paid in shares as set out under Article 28. Preferred A Shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in order to uphold the rights of Preferred A Shareholders, under the relevant legal and regulatory conditions. As regards the ownership of

corporate assets, in the event of a liquidation surplus, each Preferred A Share provides access to a proportion of the share capital that it represents.

Preferred A Shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at special meetings of Preferred A Shareholders. Holders of Preferred A Shares must convene at a special meeting in order to make any changes to the rights attached to Preferred A Shares. In addition, any planned merger or demerger of the Company under which Preferred A Shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a special meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of special meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the Preferred A Shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of Preferred A Shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

Conversion of Preferred A Shares into ordinary shares

Preferred A Shares may only be converted into ordinary shares three years after their initial allocation by the Board of Directors.

The conversion of each Preferred A Share is based on the achievement of performance criteria calculated by comparison between the financial year ended on 31 December 2015 and the financial year which will end on 31 December 2018.

The following definitions shall be applied to this conversion rule:

“Revenue” or “Rev”	Refers to ALTEN SA’s consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.
“Rev Coefficient” or “RevCoef”	Refers to the coefficient which is based on Revenue growth between 2015 and 2018.
“Multiplying Coefficient” or “M”	Refers to the multiplying coefficient linked to the presence of Preferred A Shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> • M = 0.01 is the default coefficient; • M = 0.02 if the Preferred A Shareholder is included in the headcount on the second anniversary of the initial allocation of the Preferred A Shares; • M = 1: (i) if the holder of Preferred A Shares is included in the headcount on the third anniversary of the initial allocation of the Preferred A Shares, or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three of Article L. 341-4 of the French Social Security Code.
“OPA Coefficient” or “OPACoef”	Refers to the coefficient based on the growth of the Operating Profit on Activity between 2015 and 2018.
“Δ1”	Refers to the growth (as a percentage) of revenue between 2015 (base 100) and 2018.
“Δ2”	Refers to the growth (as a percentage) of the Operating Profit on Activity between 2015 (base 100) and 2018.
“Conversion Ratio” or “CR”	Refers to 100 ordinary shares for 1 Preferred Share.
“CR1”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 Revenue target.
“CR2”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.
“Operating Profit on Activity” or “OPA”	Refers to ALTEN SA’s consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.

The number of ordinary shares resulting from the conversion of each Preferred Share shall be equal to the sum of **CR1** and **CR2** (**CR1+ CR2**).

Performance criterion based on Revenue growth between 2015 and 2018 (20% weighting)

CR1 will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

CR1 is equal to: $CR \times 20\% \times M \times RevCoef$.

The Rev Coefficient will be determined as follows:

- if **Δ1** is higher than or equal to 120%, then the **Rev Coefficient is equal to 100%**;
- if **Δ1** is equal to 117.5%, then the **Rev Coefficient is equal to 80%** and is calculated on a straight-line basis if **Δ1** is higher than 117.5%;
- if **Δ1** is equal to 115%, then the **Rev Coefficient is equal to 60%** and is calculated on a straight-line basis if **Δ1** is higher than 115% and lower than 117.5%;
- if **Δ1** is equal to 112.5%, then the **Rev Coefficient is equal to 40%** and is calculated on a straight line basis if **Δ1** is higher than 112.5% and lower than 115%;
- if **Δ1** is equal to 110%, then the **Rev Coefficient is equal to 20%** and is calculated on a straight line basis if **Δ1** is higher than 110% and lower than 112.5%;
- if **Δ1** is lower than 110%, then the **Rev Coefficient is equal to 0%**.

Performance Criterion based on the growth of Operating Profit on Activity between 2015 and 2018 (80% weighting)

CR2 will be calculated by multiplying the Conversion Ratio by: (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

CR2 is equal to: $CR \times 80\% \times M \times OPACoef$.

The OPA Coefficient will be determined as follows:

- if **Δ2** is higher than or equal to 120%, then the **OPA Coefficient is equal to 100%**;
- if **Δ2** is equal to 117.4%, then the **OPA Coefficient is equal to 80%** and is calculated on a straight line basis if **Δ2** is higher than 117.4%;
- if **Δ2** is equal to 115%, then the **OPA Coefficient is equal to 60%** and is calculated on a straight line basis if **Δ2** is higher than 115% and lower than 117.4%;
- if **Δ2** is equal to 112.1%, then the **OPA Coefficient is equal to 40%** and is calculated on a straight line basis if **Δ2** is higher than 112.1% and lower than 115%;
- if **Δ2** is equal to 110%, then the **OPA Coefficient is equal to 20%** and is calculated on a straight line basis if **Δ2** is higher than 110% and lower than 112.1%;
- if **Δ2** is lower than 110%, then the **OPA Coefficient is equal to 0%**.

Within 30 days of the third anniversary of the initial allocation, the Company shall inform each Preferred A Shareholder of the number of ordinary shares to be granted through the conversion of each Preferred A Share. Preferred A Shareholders will have a time period of 18 months from the third anniversary of the initial allocation of the shares by the Board of Directors. Should this right not be exercised within this 18-month period, the Preferred A Shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the conversion ratio to the number of Preferred A Shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of Preferred A Shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of Preferred A Shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of Preferred A Shares shall be fungible with ordinary shares.

Buyback of Preferred A Shares

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible Preferred A Shares at its own discretion, and at their nominal value. The Preferred A Shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of Preferred A Shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

Rights attached to Preferred B Shares

Preferred B Shares and the rights of their holders are governed by the relevant provisions of the French Commercial Code, and specifically Articles L. 228-11 et seq.

Preferred B Shares are subject to all provisions of the Articles of Association, and to decisions taken at General Meetings by holders of ordinary shares.

From the date of their final award as defined by Article L. 225-197-1 of the French Commercial Code, Preferred B Shares entitle their holders to dividends for all dividend distributions decided on for each ordinary share, at half of the amount to be distributed for each ordinary share. The dividend may not be paid in shares as set out

under Article 28. Preferred B Shares do not carry any pre-emptive subscription rights for any capital increase or transactions with rights to ordinary shares. However, the conversion ratio will be adjusted in order to uphold the rights of Preferred B shareholders, under the relevant legal and regulatory conditions. As regards the ownership of corporate assets, in the event of a liquidation surplus, each Preferred B Share provides access to a proportion of the share capital that it represents.

Preferred B Shares shall not have any voting rights attached for Ordinary and Extraordinary General Meetings of ordinary shareholders, but shall grant the right to vote at Special Meetings of Preferred B Shareholders. Holders of Preferred B Shares must convene at a Special Meeting in order to make any changes to the rights attached to Preferred B Shares. In addition, any planned merger or demerger of the Company under which Preferred B Shares cannot be exchanged for shares carrying specific equivalent rights must be approved by a Special Meeting, in accordance with the provisions of Article L. 228-17 of the French Commercial Code.

Deliberations of Special Meetings shall only be valid if the shareholders present or represented hold a minimum of one-third of the Preferred B Shares with voting rights attached upon first being called to a meeting, and one-fifth upon the second notice of meeting. In the event of a change to or depreciation of the capital, the rights of Preferred B Shareholders shall be adjusted in order to uphold their rights, pursuant to Article L. 228-99 of the French Commercial Code.

Conversion of Preferred B Shares into ordinary shares

Preferred B Shares may only be converted into ordinary shares four years after their initial allocation by the Board of Directors,

The conversion of each Preferred B Share is based on the achievement of performance criteria calculated over four consecutive financial years by comparison between the Target Year and the Reference Year.

The following definitions shall be applied to this conversion rule:

“Target Year” or “N”	Refers to the most recent of the four consecutive ALTEN SA financial years ended from day one of the Award Year:
“Award Year”	Refers to the ALTEN SA financial year in which the Award takes place.
“Reference Year”	Refers to the ALTEN SA financial year preceding the Award Year.
“Revenue” or “Rev”	Refers to ALTEN SA’s consolidated revenue at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.
“Rev Coefficient” or “RevCoef”	Refers to the coefficient based on Revenue growth between the Reference Year and the Target Year.
“Multiplying Coefficient” or “M”	Refers to the multiplying coefficient linked to the presence of Preferred B Shareholders in the ALTEN Group headcount (not including those to whom a notice period applies) as follows: <ul style="list-style-type: none"> • M = 0.01 is the default coefficient; • M = 0.1 if the Preferred B Shareholder is included in the headcount on the third anniversary of the initial allocation of the Preferred B Shares; • M = 1 (i) if the Preferred B Shareholder is included in the headcount on the fourth anniversary of the initial allocation of the Preferred B Shares or (ii) in the event of (y) the death or (z) incapacity of a beneficiary as classified under categories two or three as set out by Article L. 341-4 of the French Social Security Code.
“OPA Coefficient” or “OPACoef”	Refers to the coefficient based on the growth of the Operating Profit on Activity between the Reference Year and the Target Year.
“Award”	Refers to the Board of Directors’ award of Preferred Shares pursuant to the authorisation of the General Meeting of Shareholders.
“Δ1”	Refers to the growth (as a percentage) of Revenue between the Reference Year (base 100) and the Target Year.
“Δ2”	Refers to the growth (as a percentage) of Operating Profit on Activity between the Reference Year (base 100) and the Target Year.
“Conversion Ratio” or “CR”	Refers to 100 ordinary shares for 1 Preferred B Share.
“CR1”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ1 Revenue target.
“CR2”	Refers to the number of ordinary shares resulting from the Conversion Ratio, calculated based on the Δ2 Operating Profit on Activity target.
“Operating Profit on Activity” or “OPA”	Refers to ALTEN SA’s consolidated Operating Profit on Activity, at constant scope and in accordance with IFRS standards, as calculated by the audited accounts for the year in question.

The Number of ordinary shares resulting from the conversion of each Preferred B Share shall be equal to the sum of **CR1** and **CR2** (**CR1+ CR2**).

Performance criterion based on Revenue growth between the Reference Year and the Target Year (20% weighting)

CR1 will be calculated by multiplying the Conversion Ratio by: (i) 20%, (ii) the Multiplying Coefficient, then (iii) the Rev Coefficient.

CR1 is equal to: $CR \times 20\% \times M \times RevCoef$.

The Rev Coefficient will be determined as follows:

- if **Δ1 is higher than or equal to 126%**, then the **Rev Coefficient is equal to 100%**;
- if **Δ1 is equal to 122%**, then the **Rev Coefficient is equal to 80%** and is calculated on a straight line basis if **Δ1** is higher than 122%;
- if **Δ1 is equal to 118%**, then the **Rev Coefficient is equal to 60%** and is calculated on a straight line basis if **Δ1** is higher than 118% and lower than 122%;
- if **Δ1 is equal to 114%**, then the **Rev Coefficient is equal to 40%** and is calculated on a straight line basis if **Δ1** is higher than 114% and lower than 118%;
- if **Δ1 is equal to 110%**, then the **Rev Coefficient is equal to 20%** and is calculated on a straight line basis if **Δ1** is higher than 110% and lower than 114%;

- if **Δ1 is lower than 110%**, then the **Rev Coefficient is equal to 0%**.

Performance criterion based on Operating Profit on Activity between the Reference Year and the Target Year (80% weighting)

CR2 will be calculated by multiplying the Conversion Ratio by (i) 80%, (ii) the Multiplying Coefficient, then (iii) the OPA Coefficient.

CR2 is equal to: $CR \times 80\% \times M \times OPACoef$.

The OPA Coefficient will be determined as follows:

- if **Δ2 is higher than or equal to 126%**, then the **OPA Coefficient is equal to 100%**;
- if **Δ2 is equal to 122%**, then the **OPA Coefficient is equal to 80%** and is calculated on a straight line basis if **Δ2** is higher than 122%;
- if **Δ2 is equal to 118%**, then the **OPA Coefficient is equal to 60%** and is calculated on a straight line basis if **Δ2** is higher than 118% and lower than 122%;
- if **Δ2 is equal to 114%**, then the **OPA Coefficient is equal to 40%** and is calculated on a straight line basis if **Δ2** is higher than 114% and lower than 118%;
- if **Δ2 is equal to 110%**, then the **OPA Coefficient is equal to 20%** and is calculated on a straight line basis if **Δ2** is higher than 110% and lower than 114%;
- if **Δ2 is lower than 110%**, then the **OPA Coefficient is equal to 0%**.

Within 30 days of the fourth anniversary of the initial allocation, the Company shall inform each Preferred B Shareholder of the number of ordinary shares to be granted through the conversion of each Preferred B Share. Preferred B Shareholders will have a time period of 18 months from the fourth anniversary of the initial allocation of the shares by the Board of Directors to apply for conversion. Should this right not be exercised within this 18-month period, the Preferred B Shares will be automatically converted into ordinary shares.

When the total number of ordinary shares which a shareholder should receive by applying the Conversion Ratio to the number of Preferred B Shares that he/she holds is not a whole number, the number of ordinary shares received by this shareholder will be rounded down to the next whole number.

The Board of Directors will record the conversion of Preferred B Shares into ordinary shares, provided that such conversion complies with the terms set out above.

At the intervals at which it sees fit, the Board of Directors shall record, as required, the number of ordinary shares resulting from the conversion of Preferred B Shares during the financial year, and will make the necessary changes to the Articles of Association, particularly as regards the breakdown of shares by class. This task may be delegated to the Chief Executive Officer.

The ordinary shares created following the conversion of Preferred B Shares shall be fungible with ordinary shares.

Buyback of Preferred B Shares

Should the conversion criteria not be fulfilled, the Company will buy back the non-convertible Preferred B Shares at its own discretion, and at their nominal value. The Preferred B Shares bought back in this way shall be cancelled, and the share capital reduced accordingly.

The Company shall inform holders of Preferred B Shares of the buyback by any means prior to the date of the buyback.

The Board of Directors shall note the number of shares bought back and cancelled, and shall make the necessary changes to the Articles of Association.

21.2.3.6 Identifiable bearer shares (Article 10 of the Articles of Association)

The Company may at any time request that the main custodian of its marketable securities provide the information required by law pertaining to the identity of the owners of shares that confer immediate or future voting rights at General Meetings.

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

None.

21.2.5 GENERAL MEETINGS (ARTICLE 23 OF THE ARTICLES OF ASSOCIATION)

General Meetings are convened and deliberate according to the terms stipulated by law. General Meetings take place at the registered office or at any other place designated in the convocation.

Article 23 of the Articles of Association stipulates that *"The right to take part in General Meetings is granted by registration of shares in the books under the shareholder's or agent's name (in application of*

paragraph 7 of Article L. 228-1 of the French Commercial Code) by no later than midnight, Paris time, on the second banking day preceding the General Meeting, either in registered accounts managed by the company or in bearer accounts managed by an authorised agent".

21.2.6 PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO A CHANGE IN CONTROL

None.

21.2.7 PROVISIONS GOVERNING OWNERSHIP THRESHOLDS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

The Articles of Association require shareholders to notify the Company when their holdings exceed thresholds set forth in Article 233-7 of the French Commercial Code.

Shareholders who, acting alone or in concert, come to hold greater than or less than 3% of the share capital or voting rights, must inform the Company, by registered letter with acknowledgement of receipt, within 15 days of crossing such a threshold.

Failure to comply with the above notice requirement means that shares in excess of the undeclared fraction lose voting rights under the conditions set forth by law. This sanction applies when, at a General Meeting, one or more shareholders owning more than 3% of the capital indicate that no notice was submitted to the company and such failure to notify is duly recorded in the minutes of the General Meeting.

21.2.8 CHANGES IN THE CAPITAL (ARTICLE 29 OF THE ARTICLES OF ASSOCIATION)

All modifications to the capital and the rights attached to the shares making up such capital are governed by the applicable regulations.

There are no provisions in the Company's Articles of Association that impose conditions on such changes that are more restrictive than the legal obligations in effect.

SIGNIFICANT AGREEMENTS

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On 20 March 2015, ALTEN signed a Club Deal contract of up to €160,000,000 for a maximum term of seven years. This Club Deal is designed to fund the ALTEN Group's operating needs as well as its investments and any acquisitions.

ALTEN also made several acquisition agreements in the last two financial years providing for targeted external growth transactions of limited size in respect of the Group's overall size.

To date, the Company has made no other significant agreements, other than in the normal course of its business, that bind the Group as a whole to any significant obligation or commitment.

No member of the Group has made any agreements outside the normal course of their business that bind any Group member to a significant obligation or commitment for the Group as a whole at the publication date of this Registration Document.

INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTEREST

23

None.

PUBLICLY AVAILABLE DOCUMENTS

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The Company's Articles of Association, financial statements, reports of the Statutory Auditors and the minutes of the General Meetings are available at the Company's registered office under the terms set forth by law and in the Articles of Association.

The Company's press releases, annual Registration Documents filed with the AMF along with updates, if any, are available on the Company's website at: www.alten.com

DISCLOSURE OF INTERESTS

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Reference is expressly made to Section 20.3.1, note 3 “Scope of consolidation” and to Section 20.3.2, note 3.7.7 “Table of subsidiaries and associates”.

APPENDICES

A

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

In accordance with Article 222-3 of the French Financial Markets Authority (*Autorité des Marchés Financiers*) General Regulations, the Annual Financial Report mentioned in section I of Article L. 451-1-2 of the French Monetary and Financial Code, whose headings are identified under “AFR”, is included in the Registration Document.

It is also specified that the Management Report drawn up in accordance with Article L. 232-1 of the French Commercial Code, is included in this Registration Document.

Headings	Information for	Pages	Registration Document Chapters
Statement by person responsible	AFR	113	1.1
Company financial statements	AFR	262 to 278	20.3.2
Consolidated financial statements	AFR	219 to 261	20.3.1
Statutory Auditors' report on the Company financial statements	AFR	283 to 286	20.4.2
Statutory Auditors' report on the consolidated financial statements	AFR	279 to 282	20.4.1
Management report			
<i>Report on activity of Company and Group</i>			
Situation of the Company and Group during the past financial year, likely development and important events that have occurred since the end of the year		136, 144 <i>et seq.</i>	6.1, 9.1.1
Activity and results of Company and Group		144 <i>et seq.</i>	9.1.1
Allocations of earnings for the financial year		148	9.3
Analysis of development of business, results and the financial position	AFR	144 to 147	9.1
Financial and non-financial key performance indicators	AFR	102 to 103, 147	DPEF, 9.1.4
Major risks and uncertainties of the Company and Group	AFR	119 to 128	4
Internal control procedures	AFR	125 to 128	4.11
Hedging objective and policy of the Company and Group for transactions for which hedge accounting is used	AFR	-	N/A
Exposure of the Company and Group to price, credit, liquidity and cash flow risks	AFR	120 to 122	4.1 to 4.4
Use of financial instruments by the Company and Group	AFR	-	N/A
Financial risks related to the impact of climate change and presentation of measures taken by the Company and Group to reduce them	AFR	93 to 98	DPEF
Research and Development activity		74 to 81	3.3
Branches		-	N/A
<i>Legal, financial and fiscal information on the Company</i>			
<i>Information concerning capital</i>			
Distribution and change in shareholding structure		208 to 210	18.1.1, 18.1.2
Name of controlled companies and their stake in the Company's capital		228 to 233	20.3.1 (note 3)
Significant investments during the financial year in companies with registered offices in France		-	N/A
Reciprocal shareholdings		-	N/A



APPENDICES

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

Headings	Information for	Pages	Registration Document Chapters
<i>Employee profit-sharing in the Company</i>			
Statement of employee profit-sharing in the Company		208	18.1
<i>Transactions carried out by the Company involving treasury shares</i>			
Acquisition and disposal by the Company of treasury shares	AFR	290 to 291	21.1.3.1
Adjustments of shares giving access to capital in the event of financial operations		-	N/A
Adjustments of shares giving access to capital and stock options in the event of buyback of shares		-	N/A
<i>Miscellaneous</i>			
Dividends		287, 295	20.7, 21.2.3.1
Sumptuary charges and expenses		148	9.4
Injunctions or fines for anti-competitive practices		-	N/A
Due dates for trade payables and customer receivables		149	9.5
Amount of inter-company loans		-	N/A
Information on operation of a Seveso installation		-	N/A
Duty of care plan		87 to 91	3.4.5
<i>Information on Corporate Officers</i>			
Statement summarising operations on securities by directors and closely linked people		170	14.1.4
<i>Information on the Statutory Auditors</i>			
Mandates of Statutory Auditors		115	2
<i>CSR information</i>			
Non-financial performance statement: information on the way in which the Company takes account of the social and environmental consequences of its activity and the effects of this activity in relation to human rights and fighting corruption and tax evasion; referring to information mentioned in the vigilance plan and including information relating to the consequences on climate change of the Company's activity and the use of the goods and services it produces, also referring to its societal commitments to sustainable development, the circular economy, combating food waste and food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition, also referring to collective agreements concluded in the Company as well as the working conditions of employees and the initiatives that aim to combat discrimination and promote diversity and also referring to the measures taken in favour of disabled people.		45 to 105	DPEF
Opinion of independent third party body		106 to 107	CSR
Documents attached to the management report			
Report on payments made to governments		-	N/A
Table of results of the Company over the last five financial years		150	9.6
Report on corporate governance			
<i>Compensation of Corporate Officers</i>			
Principles and criteria for determining, distributing and awarding fixed, variable and exceptional elements making up total compensation and benefits of any kind that may be awarded to Corporate Officers in respect of their office		174 to 177	15.1.1
Total compensation and benefits of any kind paid during the financial year to each Corporate Officer by the Company, controlled companies or the company which controls it		178 to 180	15.1.2, 15.2
Commitments linked to taking-on, termination or change in duties		183, 187	15.2, 15.3
Board's choice regarding holding terms and conditions for Corporate Officers of shares awarded free of charge and/or shares issued from the exercise of stock options		184, 193	15.2, 16.4.2
<i>Information relating to the composition, functioning and powers of the Board</i>			
Choice of one of the two methods of exercise of general management		190	16.4.1
List of all mandates and positions held in any companies by each Corporate Officer during the financial year		162 to 169	14.1.2
Agreements concluded between a Corporate Officer or a shareholder holding more than 10% of the voting rights and a subsidiary (excluding ordinary agreements)		214 to 215	19.1
Summary table of delegations that are currently valid		198 to 199	16.4.5
Composition, conditions for preparing and organising the work of the Board of Directors		191 to 197	16.4.2

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

Headings	Information for	Pages	Registration Document Chapters
Description of the diversity policy applied to Board members in relation to criteria such as age, gender, or qualifications and professional experience, as well as a description of the objectives of this policy, the conditions of its implementation and the results obtained over the course of the last year.		192 to 193	16.4.2
Information on the way in which the Company is looking to achieve a balanced representation of women and men on the committee set up to regularly assist with its general duties and on results, in terms of gender balance, in the 10% of positions with the most responsibility		193	16.4.2
Limitation of the powers of General Management		197	16.4.3
Reference to a corporate governance code		190	16.4.1
Particular terms of participation of shareholders at the General Meeting		197	16.4.4
<i>Information on elements liable to influence a public offer</i>			
Structure of the Company's capital		208 to 212, 290 to 293	18.1, 21.1
Statutory restrictions to the exercise of voting rights and the transfer of shares or clauses of conventions which the Company has been made aware of in accordance with Article L. 233-11 of the French Commercial Code		212	18.2
Knowledge of direct or indirect investments in the capital of the company		208 to 211	18.1
List of holders of any share granting special control rights		-	N/A
Control mechanisms planned for any staff share ownership system, when the control rights are not exercised by the latter		-	N/A
Agreements between shareholders, of which the company is aware, which could lead to restrictions to the transfer of shares and the exercise of voting rights		212	18.2
Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Company's Articles of Association		212	18.2
Powers of the Board of Directors in particular in relation to the issue or purchase of shares		290 to 291	21.1.3
Agreements concluded by the Company that are changed or terminate in the event of a change in control of the Company		-	N/A
Agreements stipulating the payment of compensation to members of the Board of Directors or employees, if they resign or are made redundant without real or serious grounds or if their employment ends due to a public tender or exchange offer		212	18.2

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INFORMATION DESIGN

This document is printed in compliance with ISO14001:2004 for an environmental system.

The background features a complex, abstract pattern of numerous blue triangles of various sizes and orientations. These triangles are scattered across the frame, with a higher density on the right side, creating a sense of depth and movement. The overall color palette is monochromatic, ranging from a deep, dark blue to a lighter, vibrant cyan.

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