



# 2016

## REGISTRATION DOCUMENT



**BUREAU  
VERITAS**

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# REGISTRATION DOCUMENT 2016

INCLUDING THE ANNUAL FINANCIAL REPORT



Copies of this Registration Document are available free of charge from the registered office of Bureau Veritas at Immeuble Newtime, 40/52 Boulevard du Parc, 92200 Neuilly-sur-Seine – France.

It may also be consulted on the Bureau Veritas Finance website ([finance.bureauveritas.fr](http://finance.bureauveritas.fr)) and on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

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

- the 2015 management report and consolidated financial statements as well as the corresponding audit report set out on pages 127 to 141, 143 to 207 and 208 of the Registration Document filed with the AMF on March 29, 2016 under number D.16-0217;
- the 2014 management report and consolidated financial statements as well as the corresponding audit report set out on pages 99 to 113, 115 to 181 and 182 of the Registration Document filed with the AMF on March 23, 2015 under number D.15-0191.



This document is a non-certified translation of the French Language Document de reference 2016, submitted to the French financial markets authority (Autorité des marchés financiers – AMF) on March 24, 2017 in accordance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction only where it is supplemented by a prospectus approved by the AMF. It was drawn up by the issuer and binds the signatories.



# 1

## Presentation of the Group

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Components of the Annual Financial Report are identified in this table of contents with the sign **RFA**

# 1

## Presentation of the Group General overview of the Group

### 1.1 General overview of the Group

#### Mission

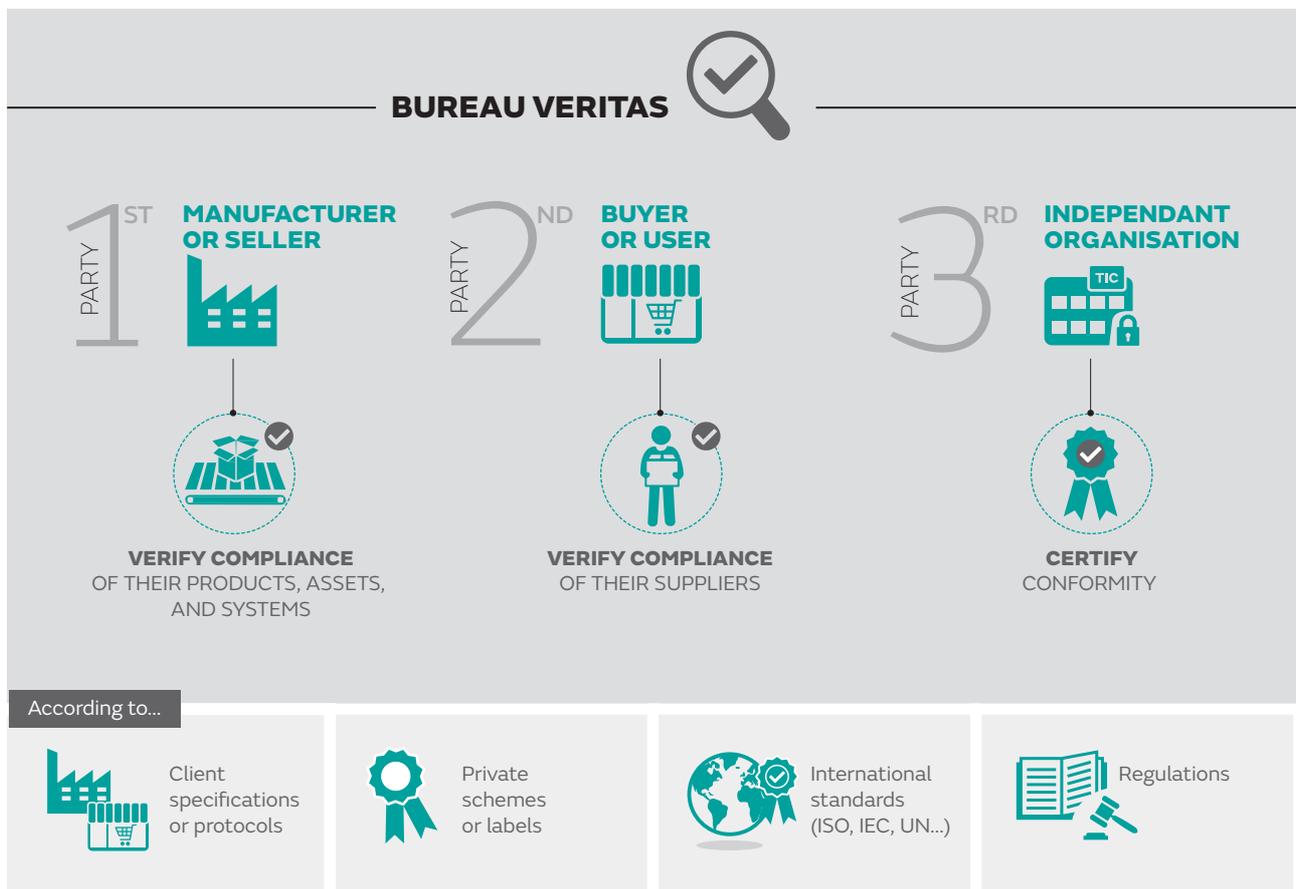
Bureau Veritas is a leading provider of laboratory testing, inspection and certification (“TIC”) services.

These services are designed to ensure that products, assets and management systems conform to different standards and regulations in terms of quality, health, safety, environmental protection and social responsibility (“QHSE”).

Depending on client needs and applicable regulations, Bureau Veritas acts as a “third party”, i.e. an independent body issuing reports and certificates independently of contractual

obligations; as a “second party” on behalf of and upon the instructions of its clients to ensure better control of the supply chain, or as a “first party” on behalf of manufacturers or retailers seeking to ensure that the products, assets or systems they are producing or selling meet the requisite standards.

Bureau Veritas’ mission therefore involves facilitating and securing transactions and operations. To do this, it leverages the trust it inspires among economic players through its independence, objectivity, expertise and integrity.



The services delivered by Bureau Veritas cover six areas of value creation for its clients:



### Obtaining a license to operate

Companies must be able to show that they are compliant with a large number of rules and regulations. Bureau Veritas offers them its in-depth knowledge of the regulations applicable to their businesses, and as an independent third party, is able to verify their compliance. This allows them to conduct and develop their businesses in compliance with local and international regulations and to obtain and renew the licenses to operate issued by public authorities.

### Facilitating trade

International trade relies among other things on third-party players who certify that the goods exchanged comply with the quality and quantities stipulated in the contract between the parties. Bureau Veritas plays a role in the trade process by testing materials, verifying that goods comply with contractual specifications and validating quantities. Exchanges of raw materials, for example, are based on certificates issued by companies such as Bureau Veritas.

### Accessing global markets

Capital goods or mass consumer products must comply with national and supranational standards before being sold on the market in a given country. These standards constitute technical trade barriers within the meaning of the WTO. Companies design and manufacture their products and equipment so that they meet the standards of several countries. In doing so, they call on Bureau Veritas to carry out tests, optimize their test plan and ultimately reduce the time-to-market.

### Reducing risks

Managing risk in the areas of quality, health and safety, the environment and social responsibility improves the efficiency and performance of organizations. Bureau Veritas helps its clients to identify and manage these risks, from project design to completion and decommissioning.

### Keeping costs in check

Thanks to second- and third-party testing, inspection and auditing methods, companies can determine the actual condition of their assets and confidently launch new projects and products knowing that costs, timing and quality are under control. During the operational phase, inspections help optimize maintenance and the useful life of industrial equipment.

### Protecting brands

The social network boom of recent years has prompted a fundamental change in how global brands are managed. Brands can quickly find themselves under fire due to a malfunction of one of the links in their supply or distribution chain. Bureau Veritas' worldwide recognition allows companies to improve their risk management using analyses conducted by a reputed independent player.

## Services

Bureau Veritas offers three main types of services:

- **laboratory and on-site tests** and analyses are designed to determine the characteristics of a product or material. The aim is to ensure that the products or materials have the required properties in terms of safety and quality and that they comply with specifications and applicable rules and regulations.
- **inspection** involves verifying on-site that a product, asset or system meets specified criteria. Inspections cover a wide range of services designed to reduce risk, control quality, verify quantity and meet regulatory requirements. They include visual inspections, as well as verification of documents, manufacturing supervision and electronic, electrical, mechanical and software controls.
- **certification** attests to compliance with specific requirements and is delivered by an accredited body. It provides a guarantee from an independent third party that a product, service or management system meets specific standards. Certification enables companies to strengthen their reputation, access new markets or simply carry out their activities. Bureau Veritas offers certification services for management systems, products and people.

The Group's services cover:

- Assets, such as:
  - ships, trains and planes;
  - buildings, infrastructure and networks;
  - power plants, refineries, pipelines, and other industrial installations.
- Products, such as:
  - consumer products – mass consumer electronics, textiles, toys, automotive and food products, and connected devices;
  - industrial equipment – pressure equipment, machines, electrical equipment;
  - commodities – oil, petrochemical products, minerals, metals, and other agri-commodities.
- Systems, such as:
  - conventional QHSE management systems (ISO 9001, ISO 14001, OHSAS 18001, etc.);
  - sector-specific QHSE management systems (automotive, aeronautics, food, etc.);
  - supply chain management including audits of suppliers.

## Clients

Bureau Veritas has more than 400,000 clients. It operates in a wide range of industries, including transport and shipbuilding, the entire oil and gas value chain from exploration to supply, construction and civil engineering, power and utilities, consumer products and retail, aeronautics and rail, metals and mining industries, agri-food, government services, automotive and chemicals.

## Organization

Bureau Veritas continuously adapts its organization in order to better address the specific characteristics of some of its markets, meet the constantly evolving needs of its clients, improve management of its geographic network and support its strategy execution.

In 2016, the Group adopted a leaner organization based around the following divisions: Marine & Offshore, Consumer Products, Government Services & International Trade, and Commodities, Industries & Facilities (CIF).

CIF operations are organized into four main regional hubs: Latin America, North America, AMAP (Africa, the Middle East, Asia Pacific, Russia, Turkey and the Caspian Sea region) and Europe. More generally, the Group has a matrix structure which makes it possible to:

- readily capitalize on the complementary nature of the businesses and encourage opportunities for cross-selling thanks to a shared network and client base;
- easily spread best practices throughout the network;
- benefit more rapidly from economies of scale to develop new products or invest in new tools; and
- adapt rapidly to market trends by pooling high-level technical capabilities.

To reflect the changes described above, Bureau Veritas' financial reporting is being structured around six businesses in 2017 rather than the eight businesses reported in 2016. A more detailed description is given in section 4.5 – Change in segment reporting of the Registration document.

A brief outline of the eight businesses is provided below. A more detailed description is given in section 1.6 – Presentation of business activities of the Registration document.

## Marine & Offshore

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As a classification society, Bureau Veritas assesses ships and offshore facilities for conformity with standards that mainly concern structural soundness and the reliability of machinery on-board. Bureau Veritas also provides ship certification on behalf of flag administrations.

## Industry

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Bureau Veritas checks the reliability and integrity of industrial assets and their conformity with regulations. Services include conformity assessment, production monitoring, asset integrity management and equipment certification. Bureau Veritas also checks the integrity of industrial equipment and products through services such as non-destructive testing and materials testing.

## In-Service Inspection & Verification (IVS)

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Bureau Veritas conducts recurrent inspections to assess in-service equipment (electrical installations, fire safety systems, elevators, lifting equipment and machinery) for compliance with health and safety regulations or client-specific requirements.

## Construction

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Bureau Veritas helps its clients manage all quality, health, safety and environmental (QHSE) aspects of their construction projects, from design to completion. Missions involve assessing construction projects for compliance with technical standards, technical assistance, monitoring safety management during works and providing asset management services.

## Central leadership

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The Group's support functions are under the responsibility of certain Group Executive Committee members.

Since January 1, 2017, central support functions have been represented on the Executive Committee by:

- Philippe Donche-Gay, Senior Executive Vice President, who is responsible for reinforcing the Group's sales and client culture, for supporting the roll-out of Growth Initiatives and for improving agility and productivity through digitalization and operational excellence;
- Nicolas Tissot, Executive Vice President, who is notably in charge of finance, tax, internal audit, acquisitions support, investor relations and legal affairs;
- Xavier Savigny, Executive Vice President, who is responsible for Human Resources.

## Certification

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As a certification body, Bureau Veritas certifies that the QHSE management systems utilized by clients comply with international standards (usually ISO) or with national, segment or large company-specific standards.

## Commodities

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Bureau Veritas provides inspection and laboratory testing services for all types of commodities including oil and petrochemicals, metals and minerals, food and agri-commodities.

## Consumer Products

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Bureau Veritas works with retailers and manufacturers of consumer products to assess their products and manufacturing processes for compliance with regulatory, quality and performance requirements. Bureau Veritas tests products, inspects merchandise, assesses factories, and conducts audits of the entire supply chain.

## Government Services & International Trade (GSIT)

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Bureau Veritas provides assistance to government authorities, implementing programs to maximize their revenues and check that imported products meet specified standards. Bureau Veritas also provides the automotive sector with a range of services including technical controls, vehicle insurance damage inspections and logistics management.

## 1.2 Selected financial information

The tables below set forth information taken from the Group's audited consolidated financial statements for the financial years ended December 31, 2014, 2015 and 2016, which were prepared in accordance with International Financial Reporting Standards (IFRS).

This information should be read and considered in conjunction with the Group's audited consolidated financial statements and the notes thereto presented in Chapter 5 section 5.1 – Consolidated financial statements and Chapter 4 – Management report of this Registration document.

### SELECTED INCOME STATEMENT DATA

<i>(in millions of euros)</i>	2016	2015	2014
Revenue	4,549.2	4,634.8	4,171.5
Adjusted operating profit <sup>(a)</sup>	734.9	775.2	694.0
Adjusted operating margin in %	16.2%	16.7%	16.6%
Net financial expense	(86.5)	(89.3)	(80.9)
Net profit attributable to owners of the Company	319.4	255.3	294.6
<b>Attributable adjusted net profit<sup>(a)(b)</sup></b>	<b>409.1</b>	<b>420.3</b>	<b>391.3</b>

(a) Indicators not defined by IFRS.

(b) Details of attributable adjusted net profit are provided in section 4.2.7 of this Registration document.

### RECONCILIATION OF OPERATING PROFIT WITH ADJUSTED OPERATING PROFIT

<i>(in millions of euros)</i>	2016	2015	2014
<b>Operating profit</b>	<b>609.7</b>	<b>576.9</b>	<b>563.1</b>
Amortization of intangible assets resulting from acquisitions	79.5	86.7	106.2
Restructuring costs	42.6	20.8	20.0
Acquisitions and disposals	3.1	0.8	3.2
Goodwill impairment	-	90.0	1.5
<b>Adjusted Operating Profit (AOP)<sup>(a)</sup></b>	<b>734.9</b>	<b>775.2</b>	<b>694.0</b>

(a) Indicators not defined by IFRS.

### SELECTED CASH FLOW DATA

<i>(in millions of euros)</i>	2016	2015	2014
<b>Net cash generated from operating activities</b>	<b>594.4</b>	<b>706.1</b>	<b>606.6</b>
Purchases of property, plant and equipment and intangible assets	(156.6)	(169.4)	(147.8)
Proceeds from sales of property, plant and equipment and intangible assets	10.7	3.8	4.3
Interest paid	(86.0)	(78.4)	(61.1)
<b>Free cash flow<sup>(a)</sup></b>	<b>362.5</b>	<b>462.1</b>	<b>402.0</b>

(a) Indicators not defined by IFRS.

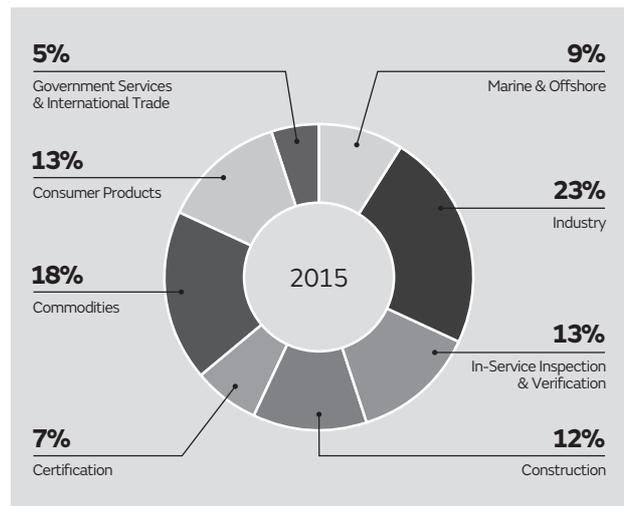
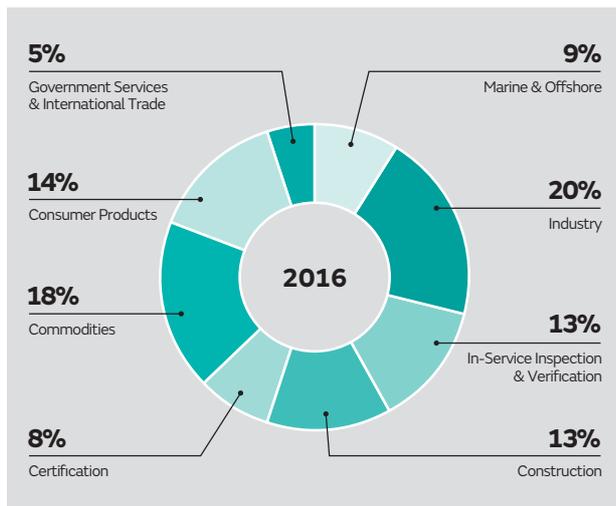
**SELECTED STATEMENT OF FINANCIAL POSITION DATA**

(in millions of euros)	2016	2015	2014
Total non-current assets	3,401.4	3,146.3	3,128.4
Total current assets	2,714.2	2,010.9	1,651.4
<b>Total assets</b>	<b>6,115.6</b>	<b>5,157.2</b>	<b>4,779.8</b>
Total equity	1,243.0	1,124.9	1,140.7
Total non-current liabilities	3,060.9	2,798.0	2,448.6
Total current liabilities	1,811.7	1,234.3	1,190.5
<b>Total equity and liabilities</b>	<b>6,115.6</b>	<b>5,157.2</b>	<b>4,779.8</b>
Net financial debt <sup>(a)</sup>	1,988.3	1,867.0	1,878.6
Currency hedging instruments (as per bank ratios)	8.1	(4.3)	1.3
<b>Adjusted net debt<sup>(b)</sup></b>	<b>1,996.4</b>	<b>1,862.7</b>	<b>1,879.9</b>

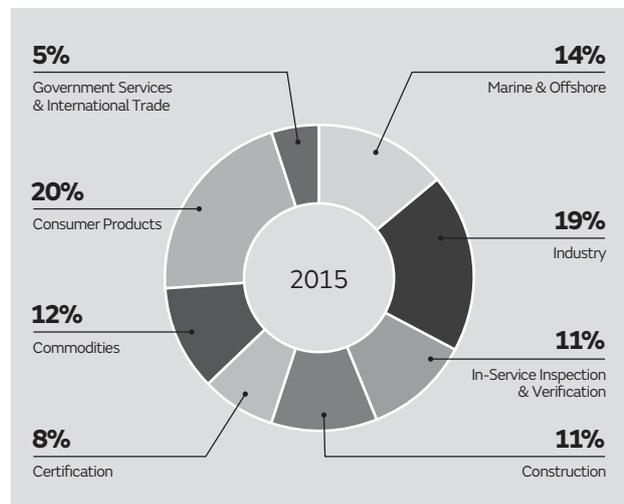
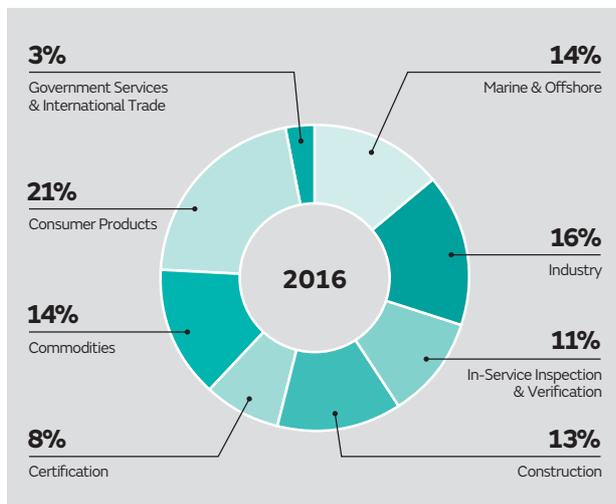
(a) Indicators not defined by IFRS. Net financial debt is defined as the Group's total gross debt less marketable securities and similar receivables and cash and cash equivalents, as indicated in section 4.3.2 of this Registration document.  
 (b) Net financial debt after currency hedging instruments as defined in the bank ratio calculation.

**Revenue and operating profit by business**

**REVENUE**



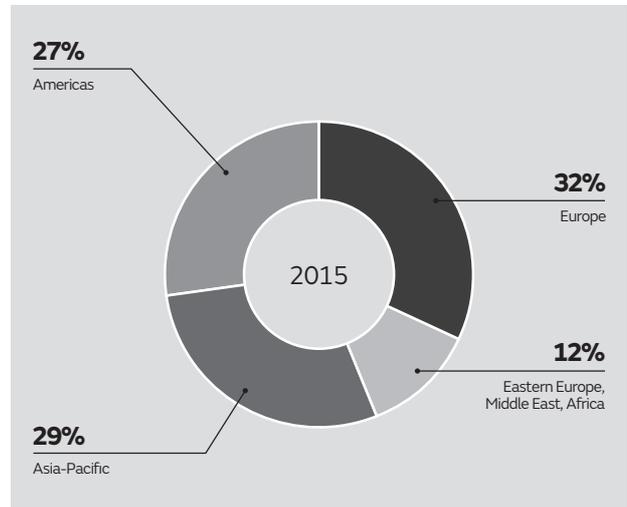
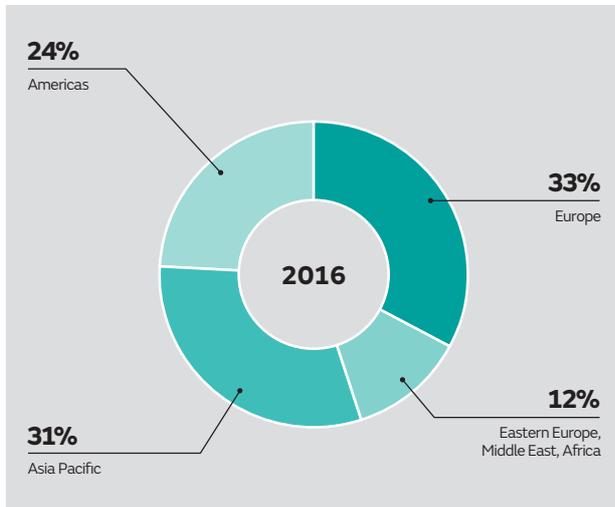
**ADJUSTED OPERATING PROFIT**



# 1

## Presentation of the Group Selected financial information

### Revenue by geographic area



## 1.3 History

### 1828: Origins

The “Information Office for Maritime Insurance” was founded in Antwerp, Belgium, in 1828 to collect, verify and provide shipping underwriters with information on the condition of ships and equipment. Renamed Bureau Veritas, the Company transferred its head office to Paris and built up an international network.

### 1920: Modern industrial revolution

The growing number of accidents during the construction boom that followed the First World War led to the introduction of a series of preventive measures. Bureau Veritas served as an important partner for industrial expansion and branched into new activities such as inspecting metal parts and equipment for the rail industry and conducting technical controls in the aeronautical, automotive and construction industries. Bureau Veritas opened its first laboratories near Paris to provide clients with metallurgical and chemical analyses and testing services for building materials.

### 1960: Technical progress

The 30-year post-WWII boom brought with it technical progress, growing urbanization and world trade. Bureau Veritas played an active role in modernizing shipbuilding standards for the classification of subsea vessels, the first nuclear-powered vessels and shipping hubs. The start of the computer era led to the use of more scientific methods. In construction, Bureau Veritas reinforced its expertise in the protection of people and goods and in energy efficiency.

### 1990: Diversification and worldwide expansion

As the world became increasingly globalized, economic players required traceability, transparency and technical consistency across the international spectrum. To meet the needs of its clients, Bureau Veritas developed its Certification and Government Services businesses to evaluate management systems and supply chains. It also reinforced its network and opened offices in Africa, China and the US. In the 1990s, a series

of acquisitions helped give added impetus to the Group’s development. It acquired CEP in 1996, becoming the leader in compliance assessments for the construction industry in France. US-based companies ACTS (1998) and MTL (2001) specializing in consumer product testing added another business to the Group’s portfolio. Bureau Veritas also expanded its presence in the US, the UK, Australia and Spain.

### 2007: Initial public offering (IPO)

Bureau Veritas was listed on Euronext Paris on October 24, 2007. This initial public offering was aimed at consolidating Bureau Veritas’ growth strategy by raising its profile, giving it access to new means of financing and forging loyalty among its employees.

### 2010: Development of the Commodities business and in high-potential markets

Fast-growing countries are investing more in infrastructure and experiencing growing demand for quality, safety and reliability. After its acquisition of Inspectorate in 2010, Bureau Veritas became one of the world’s top three players in the Commodities sector and continued to expand its geographic footprint. It became the leader of its sector in Canada following the acquisition of Maxxam in 2014 and carried out in parallel a series of acquisitions in the construction and consumer products industries in China.

### 2015: New strategic roadmap

The Group conducted in-depth analyses of its markets and defined a strategic roadmap through to 2020. The roadmap is based on key initiatives aimed at enhancing its growth profile, resilience and profitability. This strategy is primarily based on growth initiatives, development in two main markets (US and China), and four key drivers to support the roll-out of these initiatives: human resources, account management, Excellence@BV and digitalization.

## Evolution of the shareholding structure

The Wendel group, co-shareholder of Bureau Veritas since 1995 with the Poincaré Investissements group, gradually acquired a controlling interest in Bureau Veritas in 2004.

The Wendel group and Poincaré Investissements respectively held 33.8% and 32.1% of the capital and voting rights of Bureau Veritas in 2004. The remainder was held by individual investors. On September 10, 2004, Wendel and the shareholders of Poincaré Investissements reached an agreement for the sale to Wendel of 100% of the capital of Poincaré Investissements. After this transaction was carried out at the end of 2004, the Wendel group held 65.9% of the capital and voting rights of Bureau Veritas.

In parallel to this acquisition, Wendel proposed that Bureau Veritas minority shareholders sell their interests under terms similar to those offered in connection with the acquisition of control. This private purchase and exchange offer enabled the

Wendel group to increase its interest to 99% of the capital and voting rights of Bureau Veritas.

Bureau Veritas was listed on Euronext Paris on October 24, 2007. The offering, which comprised existing shares mainly sold by the Wendel group, amounted to €1,240 million, or around 31% of the capital of Bureau Veritas. On March 5, 2009, the Wendel group sold 11 million shares as part of a private placement. This transaction reduced Wendel’s stake in Bureau Veritas from 62% to 52% of the capital. On March 6, 2015, the Wendel group sold 48 million shares<sup>(1)</sup> as part of a private placement. Following that transaction, the Wendel group held 40% of the capital and 56% of the voting rights of Bureau Veritas.

In late 2016, the Wendel group purchased 2.7 million shares on the market and at December 31, 2016 held 40.7% of Bureau Veritas’ share capital and 56.5% of its voting rights.

(1) post the four-for-one stock split of June 2013

## 1.4 The TIC industry

To the Group's knowledge, there is no comprehensive report covering or dealing with the markets in which it operates. As a result, and unless otherwise stated, the information presented in this section reflects the Group's estimates, which are provided for information purposes only and do not represent official data. The Group gives no assurance that a third party using other methods to collect, analyze or compile market data would obtain the same results. The Group's competitors may also define these markets differently.

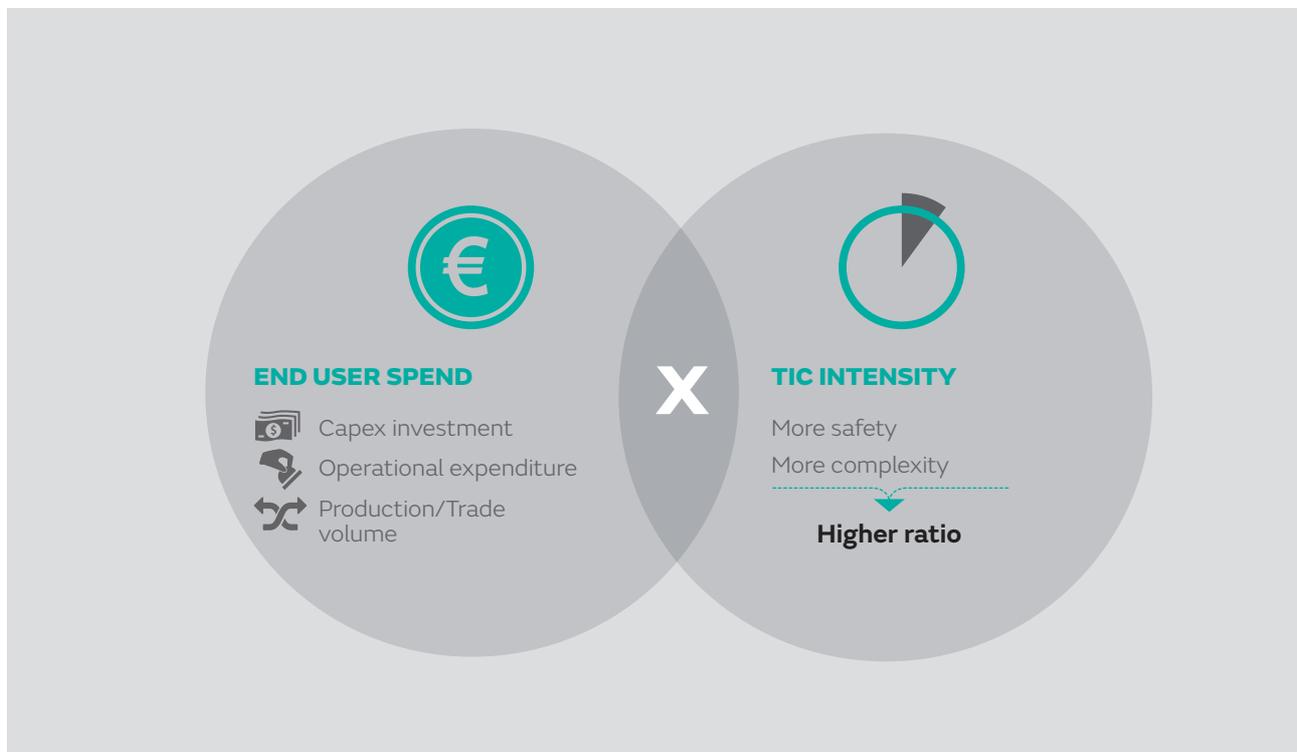
### 1.4.1 A market worth an estimated €200 billion

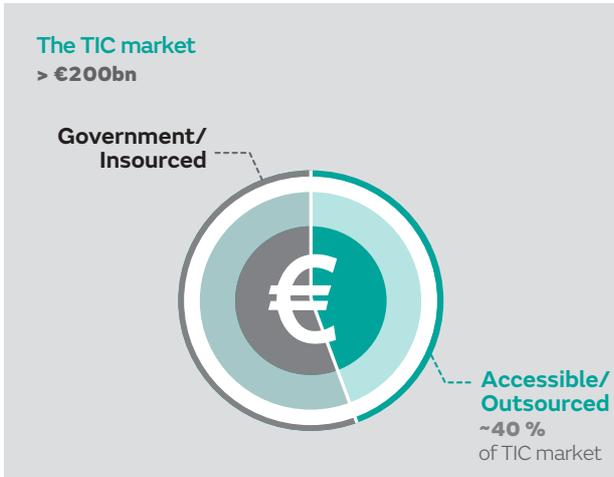
Inspection, certification and laboratory testing services in the areas of quality, health and safety, environment, performance and social responsibility are commonly referred to as Testing, Inspection and Certification ("TIC"). Testing, inspection and certification encompass several types of tasks, including laboratory or on-site testing, management process audits, documentary checks, inspections across the entire supply chain and data consistency verification. These activities may be carried out on behalf of the end user or purchaser, independently of stakeholders or at the request of the manufacturer, or on behalf of public or private authorities. TIC services are called for at every stage of the supply chain and apply across all industries.

The overall TIC market depends on product and asset values and the associated risk. The TIC "intensity" corresponds to the proportion of the value of the product or asset allocated by the

manufacturer of the product or the operator of the asset to control activities. In general, the TIC intensity falls within a range of between 0.1% and 0.8% of the value of the product or asset. The total estimated value of the TIC market can be calculated by multiplying the TIC intensity by the amount spent by manufacturers, operators, and the buyers and sellers of goods and products.

On a short and medium-term basis, the size of the market mainly varies in relation to inflation, global economic activity, investment and international trade. Applying the aforementioned approach, Bureau Veritas estimated the size of the global TIC market in 2015 at €200 billion, based on external macroeconomic data such as investment volume per market, operational spending per market, the production value of goods and services, and the level of imports and exports.





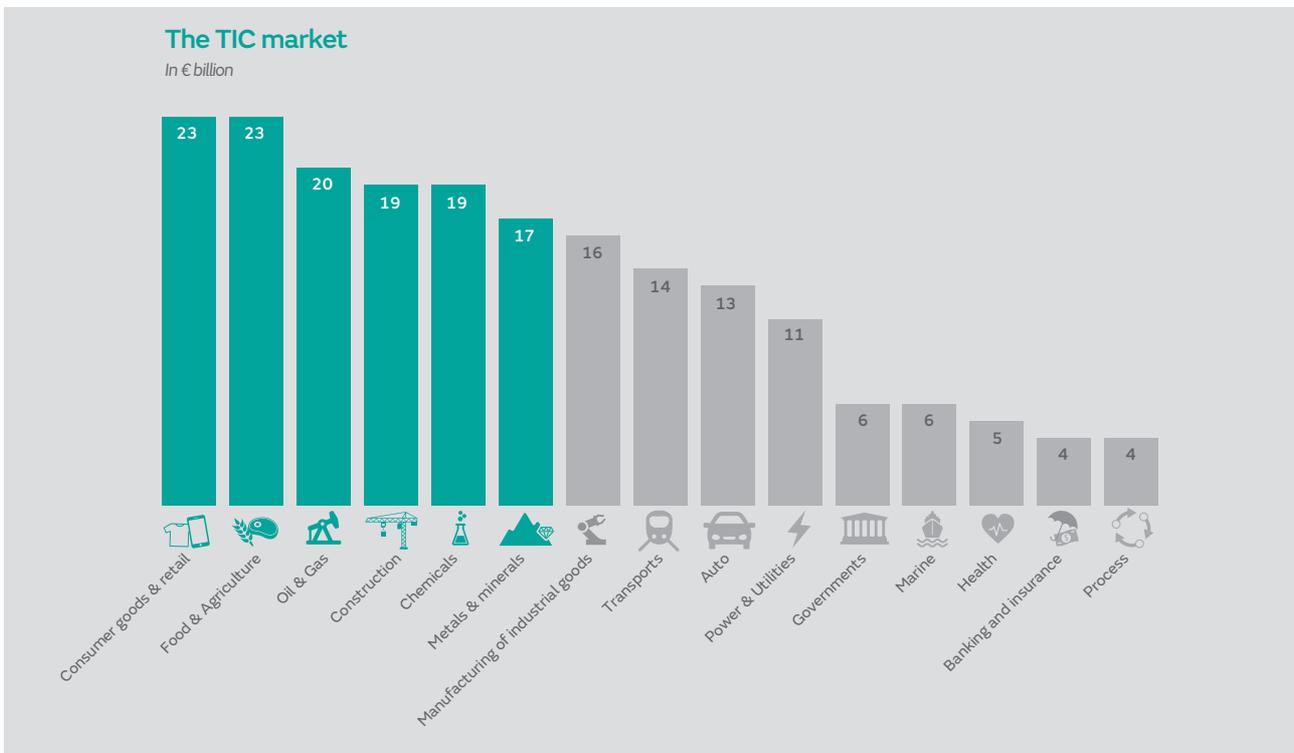
The overall TIC market can be broken down into two segments:

- the accessible (outsourced) market, where services are provided by specialized private organizations or firms, such as Bureau Veritas;
- the internal (insourced) market, where the companies themselves perform these services as part of control and quality assurance; along with the market served by public bodies and organizations such as customs, competition authorities, port authorities or industrial health and safety authorities.

Source: Bureau Veritas estimates (2015)

The outsourced TIC market also depends on a country's administrative organization, whether or not it has a federal structure, and the industry concerned. Over time, these factors may have a significant impact on the size of the market, irrespective of the underlying macroeconomic conditions. The balance between insourcing and outsourcing therefore fluctuates from year to year, depending on the policies implemented by governments or changes in practices within industry sectors. This is the case in China, for example, where certain sectors are opening up gradually.

A breakdown in TIC by sector shows that the biggest markets are those relating to consumption, followed by oil & gas, construction, chemicals and mining. For Bureau Veritas, it is important to operate and enhance its presence in these markets.



Source: IHS, Bureau Veritas estimates (2015)

The TIC market can be split into three main regions: Europe, the US and Asia. Bureau Veritas is present across all of these regions thanks to the investments it has made over the past 15 years. Going forward, the Group plans to bolster its positions in the fastest-growing markets such as China and the US.

## 1.4.2 Evolving growth drivers

TIC market growth is driven by three main factors:

- overall growth in the world economy and in international trade, which influences the expenditure volumes of Bureau Veritas clients;
- TIC intensity, corresponding to the proportion of the value of the product or asset allocated by the manufacturer of the product or the operator of the asset to control activities. This tends to be fairly stable in the short term but increases over the long term due to stricter standards and regulations;
- the extent to which companies outsource their testing, inspection and certification activities.

### Global economic growth continues to influence the market

After a period of vigorous growth driven by globalization, economic growth in emerging countries and the commodities “super cycle”, the TIC market should grow at a more moderate pace going forward.

- 1) globalization of the world economy accelerated when China joined the WTO, with global trade growing at double the rate of global GDP growth on average. Since 2011, growth in global trade has slowed and in the next few years is expected to be around one time the growth in global GDP;
- 2) the commodities super cycle which had begun in the early 2000s is now at an end. Over the next few years, commodity prices are expected to remain low, leading to more modest growth in investments in new projects (capital expenditure) and in commodity trading volumes;
- 3) emerging countries will continue to spearhead growth, albeit at a less sustained pace. The growth gap between mature and emerging economies should narrow.

### Long-term structural trends

Long-term structural trends (“megatrends”) should boost growth prospects in the TIC industry. Four such trends are particularly important:

- 1) the rise of the middle classes in emerging countries has led to an increase in the demand for safety and the corresponding safety standards, as well as infrastructure investments.
- 2) the use of more complex technologies, for example in the case of the Internet of Things, is increasing the number of tests that need to be carried out on each product and the number of subcontractors that need to be managed. Shorter product life cycles are encouraging companies to outsource a growing proportion of prototype testing and supply chain monitoring, so that they can be more responsive to market trends.
- 3) it is increasingly difficult to protect global brands, particularly in view of the surge in popularity of social media, where information can be shared in real time. In addition to regulatory compliance and the drive to be responsible players, companies now believe that proactive and global management of QHSE issues offers a way to create value and guarantee survival over the long-term.
- 4) public authorities are increasingly contracting out their control activities to specialized firms, which have the necessary flexibility to adapt to the constraints of the markets in which they operate, allowing them to considerably reduce their spending on such activities.

Bureau Veritas targets above-market growth by offering a range of innovative services that meet clients’ new demands, thereby increasing its market share in the fastest-growing sectors and regions, and seizing opportunities related to the outsourcing and privatization of certain markets.

### 1.4.3 High barriers to entry

High barriers to entry make it difficult for new global players to emerge. These barriers concern the need to:

- have a **reputation for integrity and independence** in order to forge long-term partnerships with companies in managing their risks;
- obtain **authorizations and accreditations** in a large number of countries in order to do business. Obtaining an authorization or accreditation is a lengthy process. Acquiring a broad portfolio of authorizations and accreditations can therefore only be achieved over the long-term;
- have a **dense geographic network** at both local and international levels. Local network density is particularly

important for rolling out the portfolio of services and benefiting from economies of scale. At the same time, an international network makes it possible to support global customers at all their facilities;

- offer a **broad spectrum of services and inspections**, particularly for key accounts, undertake certain large contracts, and stand out from local players;
- boast **highly qualified technical experts**. Thanks to the technical prowess and professionalism of the Group's teams, it can create a competitive edge by providing high value-added solutions;
- have an **internationally recognized brand**.

### 1.4.4 Fragmented markets undergoing consolidation

Most of the markets in which Bureau Veritas operates are highly fragmented. There are several hundreds of local or regional players specialized by activity or type of service, as well as a few global players. Some competitors are also state-owned or quasi-state-owned organizations or are registered as associations. According to the Group's estimates, the five biggest industry players today account for less than 25% of the addressable market.

The consolidation of the TIC industry is accelerating, particularly in the most fragmented segments, with the major players seeking to

increase their local market presence and position themselves to serve large companies throughout the world.

In light of the Group's global presence, its position as one of the world leaders in each of its businesses and its experience in carrying out acquisitions, Bureau Veritas is well placed to be one of the main actors in TIC consolidation. A more detailed description of the Group's acquisition strategy is provided in section 1.5.6 – Acquisitions: an active and selective external growth strategy in this Registration document.

Business	Fragmentation	Competitive environment
Marine & Offshore	Medium	12 members of the International Association of Classification Societies (IACS) class more than 90% of the global shipping fleet.
Industry	High	A few large European or global players. A large number of highly specialized local players.
IVS	High	A few large local or European players. A large number of local specialized players.
Construction	High	A few large regional players and many local players.
Certification	High	A few global players and quasi-state-owned national certification bodies, and many local players.
Commodities	Medium	A few global players. A few regional groups and specialized local players.
Consumer Products	Medium	A relatively concentrated market for toys, textiles and hardline products. Fragmented markets for electrical products and electronics.
Government Services & International Trade	Low	Four main players for government services.

## 1.5 Strategy

### 1.5.1 The Group's key advantages

#### An efficient international network

Bureau Veritas has an extensive global network of approximately 1,400 offices and laboratories in almost 140 countries.

The network is particularly well developed in leading industrialized countries (e.g., France, the United States, Canada, Japan, the United Kingdom, Spain, Italy, Australia), which have a strong regulatory background and where the Group is recognized for its technical expertise and innovative production models.

Bureau Veritas is also well established in key high-potential economies like China, Brazil, Chile, Colombia or India, where it has built solid growth platforms with a strong local presence over time. The Group continues to expand its presence in these regions by opening new offices and laboratories and systematically developing each of its businesses in these markets.

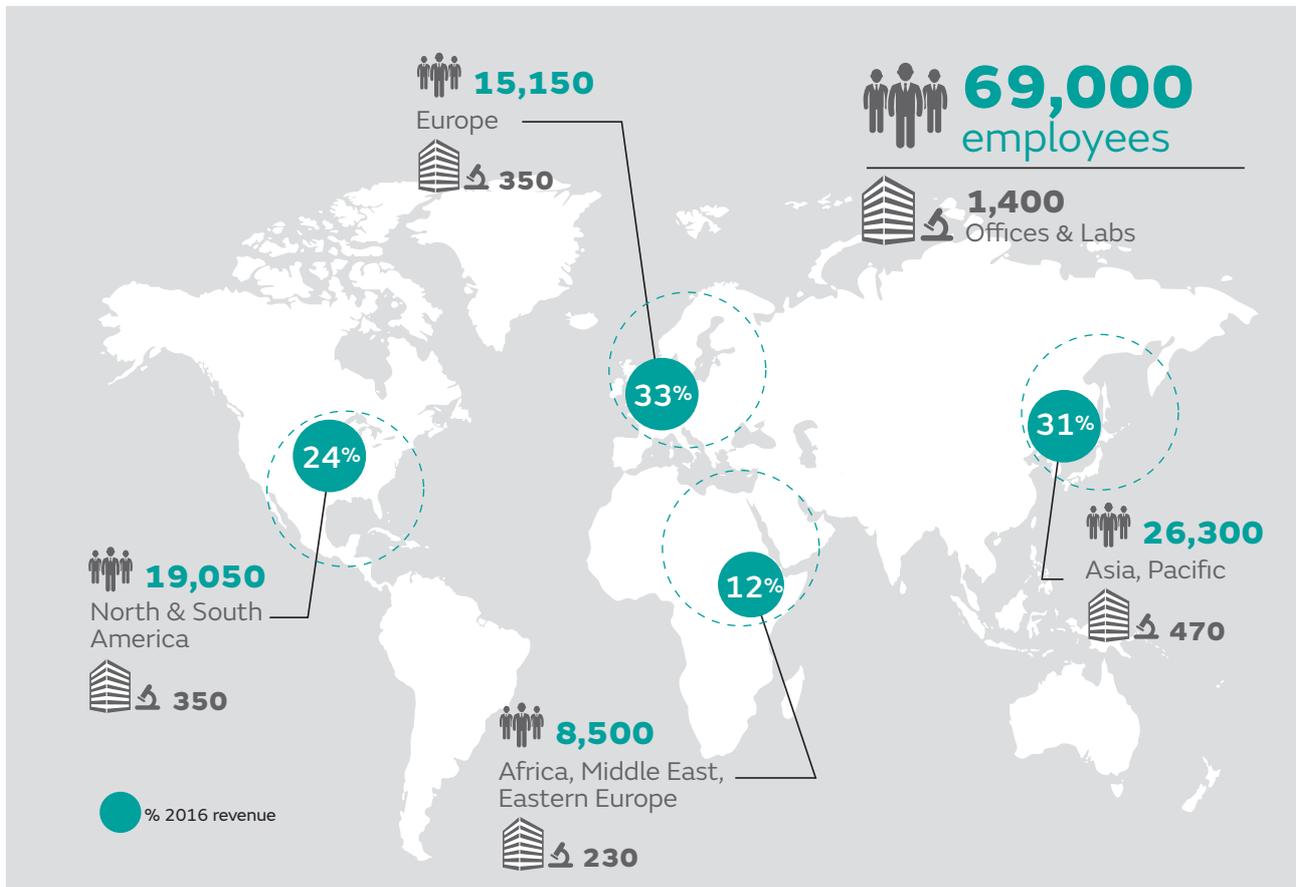
The Group's scale is one of its core assets, providing value and differentiation both commercially and operationally.

From a sales standpoint, its global network enables the Group to service key accounts and thereby win major international contracts, which represent a growing part of its activity.

From an operational standpoint, the Group improves its profitability by generating economies of scale resulting in particular from sharing offices, back-office functions and IT tools, and from amortizing the cost of developing and replicating new services and industrializing inspection processes over a larger base.

The organization into regional hubs located in key countries enables the Group to spread knowledge, technical support and sales teams across a given region.

In the future, the Group aims to strengthen this network organization around regional hubs enabling it to generate significant scale effects.



## **A strong brand image of technical expertise and integrity**

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Bureau Veritas has built its successful global business based on its long-standing reputation of technical expertise, high quality and integrity. This reputation is one of its most valuable assets and is a competitive advantage for the Group worldwide.

## **Technical expertise recognized by the authorities and by many accreditation bodies**

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Over the years, the Group has acquired skills and know-how in a large number of technical fields, as well as a broad knowledge of regulatory environments. Bureau Veritas is currently accredited as a second or third party by a large number of national and international delegating authorities and accreditation bodies. The Group constantly seeks to maintain, renew and extend its portfolio of accreditations and authorizations. It is subject to regular checks and audits by authorities and accreditation bodies to ensure that its procedures, the qualification of its personnel and its management systems comply with the requisite standards, norms, guidelines or regulations.

## **Quality and integrity embedded in the Group's culture and processes**

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Integrity, ethics, impartiality and independence are some of Bureau Veritas' core values and are central to its brand reputation and the value proposition for its clients.

These values are the focal point of the work carried out by the profession in 2003 under the leadership of the International Federation of Inspection Agencies (IFIA), which led to the drafting of the Group's first Code of Ethics, published in October 2003.

## **A profitable, cash-generating growth model**

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There are four aspects to Bureau Veritas' financial model:

- it is based on two growth drivers: organic growth and growth through acquisitions. Between 2011 and 2016, the Group posted average annual revenue growth of around 8%. A little less than half of this came from organic growth;
- it focuses on profitable growth: between 2011 and 2016, the operating margin was above 16%;
- it generates significant, regular cash flow: between 2011 and 2016, the Group generated on average more than €350 million in free cash flow;
- it is underpinned by the Group's strategy of strict cash allocation: net debt must be maintained well below bank ratios and the Group must be able to fund acquisitions and pay dividends.

## 1.5.2 Five-pillar strategy

To enhance its growth profile, resilience and profitability, the Group has revisited its strategy around five central pillars:

### 1. Expand market coverage through key growth initiatives

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The Group will further penetrate its traditional markets through a broader range of services. It has identified several initiatives to achieve this objective, including Opex services (provided during the operational phase) in specific segments (Oil & Gas, Power & Utilities, Chemicals).

Bureau Veritas also plans to increase its exposure to sectors related to consumer spending through four initiatives: Building & Infrastructure, Agri-Food, Automotive and SmartWorld.

### 2. Become the partner of choice of large international corporations for facilitating and securing their transactions and operations

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Bureau Veritas is shifting towards more integrated and global solutions (combining inspections, audits, testing, data management), increasing the digital content of its services, and accelerating the roll-out of the key account management strategy launched in 2014.

### 3. Further deploy an efficient operating model to improve its agility and productivity

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The Group is further developing internal initiatives such as Excellence@BV and will step up the digital content of its services. All initiatives will be supported by the strong commitment of its people and endorsed by the Group's Human Resources & Corporate Social Responsibility strategy.

### 4. Balance its global footprint among three geographic areas (Europe/Middle East/Africa, Americas and Asia Pacific)

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Bureau Veritas will take advantage of specific growth drivers in key selected geographies:

- Europe, which is the reference for issuing standards and regulations on quality, health, safety and the environment;
- the United States, which has a strong economic outlook and in which many Fortune 500 companies are headquartered;
- China, with the gradual opening of the domestic TIC market.

The Group will continue to expand and reinforce its geographic footprint in emerging markets, especially Africa and Asia.

### 5. Continue to play a leading role in TIC market consolidation

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In line with its successful model based on a combination of organic and external growth, Bureau Veritas will continue to acquire small and mid-size companies in specific markets and geographies.

### 1.5.3 Initiatives to accelerate growth

In 2016, the Group illustrated its strategy for accelerating growth by announcing the eight initiatives outlined below.

Given market trends and the contribution and potential of each of these growth initiatives, the Group decided in 2017 to focus future development efforts on just five of the original eight. Together amounting to around 30% of Group revenue, these five initiatives will offer the Group an additional source of growth and help it achieve its diversification strategy.

#### 1. Buildings & Infrastructure <sup>(1)</sup>

The Group will benefit from its global leadership in this sizable and fast-growing market. It will further develop its activities in emerging markets where urbanization is leading to a surge in demand for infrastructure and transportation. More stringent regulations will also open up significant opportunities for TIC services. The Group will continue to develop innovative solutions and Opex services, both in mature and in emerging countries.

#### 2. Opex services in specific markets: Oil & Gas, Power & Utilities, Chemicals <sup>(1)</sup>

Bureau Veritas plans to develop its market share in Opex-related services for the oil & gas, Power & Utilities and Chemicals markets. The Group has identified these three markets on account of their common characteristics, i.e., a high degree of fragmentation, the outsourcing potential and the opportunity to build recurring business models. It will leverage its excellent reputation and expertise, in particular in Capex and product-related services.

#### 3. Agri-Food <sup>(1)</sup>

The TIC market for Agri-Food should see vigorous growth buoyed by the population increase, the globalization of the food supply chain, more stringent regulations and rising consumer demand for quality. The Group is already present across the entire supply chain, enjoying front-ranking positions in specific market segments, a global network and international accreditations. The Group plans to expand its geographic presence while enlarging its portfolio of services.

#### 4. Automotive <sup>(1)</sup>

The automotive market is having to contend with several deep-seated trends, including the relocation of production and consumption to emerging countries and the fundamental shift to “smart” cars and electric technologies. These trends will generate additional needs for TIC services. Bureau Veritas has built a strong presence in supply chain services, electronics and connectivity during the last five years. It aims to leverage these key areas of expertise and further round out its portfolio of services to become a recognized player in this sector.

#### 5. Smartworld <sup>(1)</sup>

The Internet of Things will impact every market in which Bureau Veritas operates. The number of connected devices is expected to grow exponentially for example, creating a significant market opportunity for equipment testing but also for new services related to connectivity and data security. Bureau Veritas will benefit from its leading position, expertise, and reputation in this segment.

#### 6. Certification global contracts

The system certification market is still fragmented and is expected to consolidate as large international corporations increasingly entrust system certifications to a single certification body. Thanks to its global footprint, Bureau Veritas is ideally placed to address this new market need. With the implementation of key account management, Bureau Veritas’ ambition is to strengthen its market share on global contracts.

#### 7. Marine & Offshore

Bureau Veritas is one of the top players in the highly profitable Marine & Offshore business. Its resilient business model combining verification of newly constructed facilities and inspections of in-service facilities will continue to reduce its exposure to market cycles. Bureau Veritas’ strategy is to develop its business in innovative services around energy efficiency and risk management, and to maintain its technological leadership.

#### 8. Adjacent segments – retail and mining

Most retail and mining clients call on Bureau Veritas for just one type of service. The Group sees significant cross-selling opportunities in offering the full portfolio of asset- and product-related services to existing customers through key account management. The Group will diversify into recurring businesses and position itself as the provider of choice.

(1) One of the five refocused initiatives since January 1, 2017.

## 1.5.4 Two key markets: the US and China

### United States

As a global economic powerhouse, the US is a priority market for Bureau Veritas. The global headquarters of many different companies can be found in the US and the TIC market in the country is estimated to be worth over €30 billion. Bureau Veritas has stepped up its expansion in the US over the last few years, reporting a 2.5-fold increase in revenue. The country represented almost 10% of total Group revenue in 2016.

The Group's strategy has three main focuses:

- bolstering its leading position in the consumer products, Oil & Gas, Construction and industrial equipment markets;
- expanding its activities in new market segments such as SmartWorld, Agri-Food, Aeronautics and Automotive;
- rolling out its Excellence@BV initiative with lean management, shared service centers and pooled purchasing.

## 1.5.5 Four major factors

### Human Resources

#### Motivated and skilled employees

One of Bureau Veritas' greatest assets is its employees. They are selected for their understanding of the local culture, their industrial, technical, operational or sales expertise, their passion for helping businesses effectively manage their needs, and their commitment to the Group's values.

With 69,000 employees, Bureau Veritas has an enriching mix of cultures and personalities. The Group continuously invests in its employees and takes staff training very seriously. Helping its teams to develop their professional skills has always been a priority.

#### An experienced management team

The consistency and experience of the management team have allowed the Group to develop a strong business culture founded on merit and initiative.

### Key account management

Bureau Veritas has identified account management as one of its main drivers of organic growth. Bureau Veritas is continuing to roll out its global key account strategy following its launch in 2014. The aim is to increase its share of business with large international corporations.

This three-pronged strategy is based on:

- 1) identifying and selecting strategic accounts in line with the Group's growth initiatives;
- 2) organizing the Marketing & Sales function and increasing professionalism;
- 3) applying a market-specific approach in order to best meet the particular needs of each market.

### China

China is one of the world's most dynamic countries, with buoyant demand for infrastructure, transport and energy. China's TIC market will potentially prove the biggest in the world. Today, only a fraction of this market can be accessed, since most is covered internally and by public services. Structural growth drivers (rise of the middle classes, increasing environmental awareness, ongoing improvement in local quality standards, etc.) are powerful catalysts for TIC demand and help open up the domestic market to international players.

The Group is already present in China through all of its businesses and is expanding its presence and regional coverage with the ultimate aim of becoming a front-ranking player in the domestic Chinese market. The three acquisitions announced in 2016 are consistent with this strategy. At the end of 2016, China (including Hong Kong) accounted for 16% of revenue, making it the largest country of the Group.

The Group has selected over 130 strategic accounts based on a three-year revenue potential. Each of these accounts is monitored by a person responsible for their development. Particular attention is paid to the development and training of key account managers and market leaders. Key account managers are responsible for growing their account, while market leaders ensure that the growth strategy is aligned with the specific needs of each business sector. The aim is to adapt Bureau Veritas' portfolio of services by offering key accounts high value-added solutions. In 2016, the Group had virtually completed its process of hiring key account managers and market leaders.

This sales strategy began to pay off in 2016 even though the main benefits should be felt in the next few years.

### Excellence@BV

To partner its strong growth and international development, Bureau Veritas launched a lean management approach in 2012. The lean management culture is based on process management and rounds out the Group's historical, experience-based business model. Lean management is the Group's operating system in this new corporate culture, defined as an ongoing performance improvement approach.

It is designed to generate productivity gains and cost savings and to make performance more robust and consistent. This culture of ongoing improvement gives Bureau Veritas the agility it needs to successfully navigate a constantly changing environment.

In practice, the Lean management approach is rolled out around two objectives.

- First, existing processes are re-engineered through value stream mapping. These maps simplify and harmonize processes, thereby generating productivity gains and overall performance sustainability.
- Second, scorecards are deployed within its operating units. Scorecards will enable the performance of operating units to be harmonized and will therefore allow for proactive management of key indicators in order to obtain a high degree of flexibility and quality in a decentralized environment.

The Lean approach will help the Group meet its mid- to long-term objectives by improving its margin and designing processes able to manage expected growth. Optimized (efficient and attractive) processes can simplify post-acquisition integration.

The Lean approach takes the form of six strategic initiatives:

- The shift to digital solutions (“dematerialization”) leverages new technologies in order to prevent employees from having to make physical trips for standard inspections.
- Data management through configurators and optimized data architecture makes information systems more efficient.
- Auto-notification enables information to be provided to clients in real time at each stage of the process.
- Process re-engineering is a fundamental tool for adapting processes so that they best meet client needs in terms of cost, quality and timing by refocusing teams’ efforts on value added.
- Scheduling optimizes the time available to the teams so that they can complete the work requested by our clients.
- Lastly, route management helps optimize journey times for inspectors on the ground.

Other projects currently in progress are designed to improve purchasing management at Bureau Veritas with the aim of:

- 1) reducing the cost of the goods or services which Bureau Veritas buys, particularly by leveraging volumes through global contracts;
- 2) creating an actionable supplier database. This means reducing the number of suppliers and purchasing contracts put in place;
- 3) ensuring compliance with clearly formalized governance rules, both with respect to internal processes (e.g., segregation of duties between the purchaser and the referral agent) and external processes (e.g., ethical purchases).

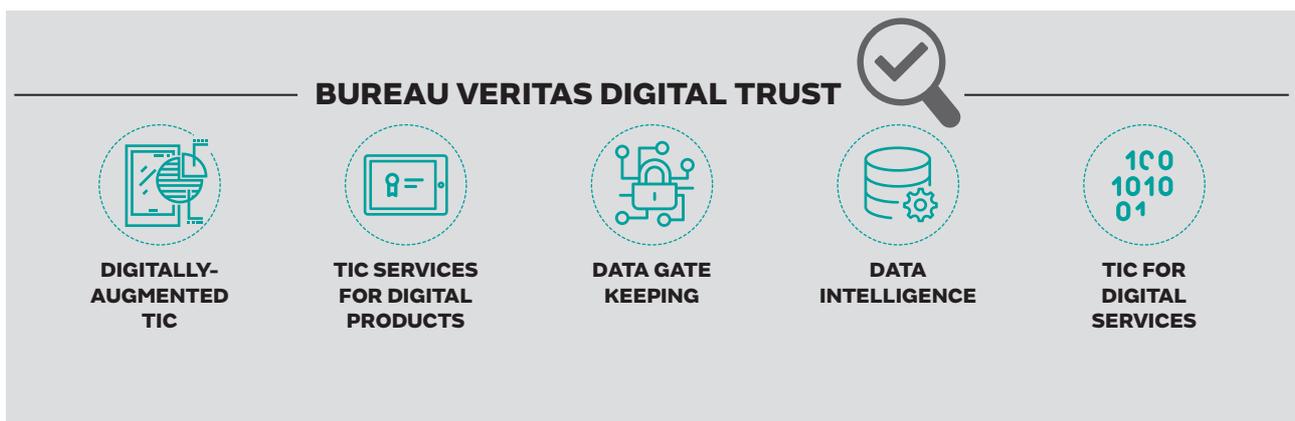
The Group is also ramping up shared service centers in order to centralize support functions such as IT services, finance and human resources.

## Digitalization

Digitalization has already profoundly changed relations with end consumers, in both sales channels and in terms of the consumers’ experience of products and services. Its impact on industrial markets is becoming a tangible reality. For example, GE has estimated that by 2020, over 152 million cars will be connected to the Internet, as well as 68,000 aircraft engines and 10,000 gas turbines (source: 2015 annual report).

In light of this, Bureau Veritas intends to leverage its position as third-party player with industrial companies to become the flagbearer for digitalization and industry 4.0. Ultimately, this should help support the Group’s growth ambitions and improve margins while bringing Bureau Veritas closer to its clients’ strategies, using its competitive edge to further cement customer loyalty.

The Group’s “digital trust” offering is anchored around five key areas. It took shape in 2016 with several dozen digital solutions developed internally or in partnership with digital players in the market, as well as in conjunction with the digital departments of the Group’s clients.



Details of these areas along with a description of achievements are set out below.

### Digitally-augmented TIC

#### Description

This concerns the digitalization of TIC activities aimed at providing clients with faster, more personalized and smarter services.

# 1

## Presentation of the Group Strategy

### Achievements:

- implementation of over ten high-tech solutions such as drones and smart inspectors with a view to improving the Group's customer service;
- roll-out of an international e-commerce solution for the mass testing and certification market (<http://lead.bureauveritas.com/>);
- extension of 3D-modeling inspection services (Building Information Modeling) for construction, based on international automated inspection solutions;
- launch of SafeOps to help food retailers and restaurateurs manage food safety and operations effectively and cost-efficiently (<http://safeops.bureauveritas.com/>).

### Data gate keeping

#### Description

As digitalization become more pervasive, numerous analysts see data as a precious resource in the new digital economy. Today, data exchanges between several different stakeholders facilitated by technological advances are helping to create new services and to open up new markets. As a trusted third-party player, Bureau Veritas has a leading role helping to put in place these trust-based ecosystems for data sharing and exchange.

#### Achievements:

- Building in One platform adopted by several clients to manage their sites' documents, technical data and mapping (<http://www.building-in-one.com/>);
- partnerships with leading suppliers of 3D solutions to create digital twins of assets (ships, buildings, industrial sites, etc.) for the Group's clients, classify 3D-modeled objects and manage model integrity and compliance.

### Data intelligence

#### Description

Bureau Veritas has been bringing added trust to the economy since 1828, compiling and analyzing technical data and issuing informed reports. Today, its challenge is to go beyond the business of issuing reports and analyze the data collected over time in order to offer clients digitally-actionable information by:

- providing benchmark studies, insights, recommendations or forecasts regarding client assets, products, processes and market position, and greater supply chain visibility;
- combining human expertise and automated skills, thanks to analyses of past information and decision-making (machine learning).

### Achievements:

- development of client portals incorporating historical comparisons and benchmarking, as well as test/inspection/audit reports;
- roll-out of an automated platform featuring the latest regulatory news that uses semantic analysis technologies, sold online through a subscription model (see <http://www.diregt.com/>).

### TIC for digital products (BV SmartWorld)

#### Description

Today, three trends are revolutionizing the world of smart products: 1) the fast-paced adoption of wireless technologies, which is growing exponentially; 2) increasing complexity: products are increasingly high-tech, including those with no initial electronic component; and 3) the ubiquitous nature of digital media: every industry is adopting smart technologies allowing them to compile and exchange data on products, people, buildings, and so on, leading to a larger-than-ever proportion of automated activities. Against this backdrop, Bureau Veritas is to strengthen its leadership in smart objects for telecommunications companies, while at the same time penetrating other market segments.

#### Achievements:

- adaptation of the Consumer Products business' offering to new digital products such as smart wear, smart home/building solutions, intelligent transport focused on smart/unmanned vehicles and V2X solutions (USDOT, Mirrorlink).

### TIC for digital services

#### Description

Digitalization makes business data a key competitive advantage for companies that have resolved the operational issues involved in identifying, securing and using such data. The immense majority of industrial companies are currently in the process of revisiting their business models and/or operations in light of the data they are able to collect and make use of. To assist clients in this respect, Bureau Veritas is positioning itself as a certification/inspection body and trusted channel in data exchanges, from both a security standpoint and in terms of managing personal data.

#### Achievements:

- launch of an aggregated offer used by a leader in cloud solutions, combining conventional information systems certification (e.g., ISO 27000) with cyber security labels (e.g., Cyber Essentials);
- set-up of worldwide certification based on personal data protection (<http://www.move-forward-with-privacy.bureauveritas.com/fr/>), particularly ahead of future new regulations concerning the quality, integrity, security, and impartiality of data exchanged or processed electronically.

## 1.5.6 Acquisitions: an active and selective external growth strategy

As a player in a highly fragmented market, Bureau Veritas positions itself as an active consolidating force in its industry. The Group's history has been shaped by numerous acquisitions which today allow it to enjoy front-ranking positions in many different countries and businesses.

Over the last ten years, the Group has made more than 100 acquisitions, representing aggregate cumulative revenue of over €1.6 billion. Acquisitions also represent an important part of its strategy and are expected to contribute significantly to its additional growth target through to 2020.

Acquisitions must meet criteria for the Group in terms of price, scale, profitability and value creation. While some acquisitions are aimed at developing new platforms (five acquisitions with revenue above €100 million carried out over the past 20 years, most of

which are described in section 1.3– History in this chapter of the 2016 Registration document), most are bolt-on acquisitions of smaller companies.

Acquisitions enable the Group to expand its portfolio of businesses and to:

- increase its presence in regions where it already operates by rounding out its business portfolio;
- gain a foothold in new regions;
- broaden the scope of its expertise.

In 2016, Bureau Veritas made nine acquisitions, representing cumulative annual revenue of €124 million.

## 1.5.7 Mid- to long-term ambition

Bureau Veritas' mid- to long-term ambition is to:

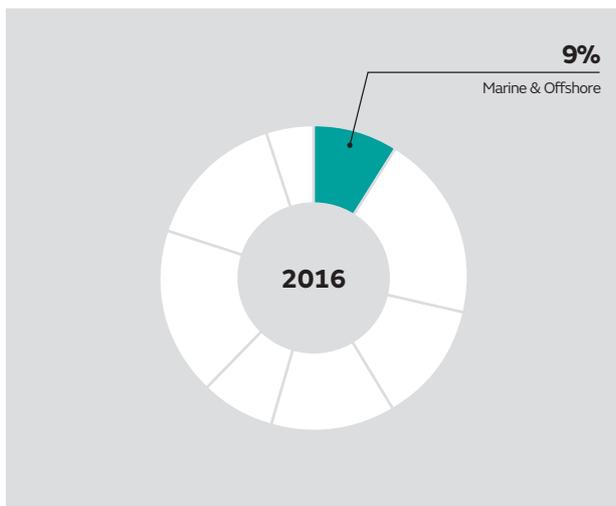
- confirm its return to organic growth of between 5% and 7% per year by 2020;
- increase Group revenue by around €1.5 billion between 2015 <sup>(1)</sup> and 2020, with a balanced contribution from organic growth and acquisitions;
- achieve adjusted operating margin in excess of 17% by 2020;
- continue to generate high levels of free cash flow.

(1) At the exchange rates used in the initial plan, as presented at the October 2015 Investor Days.

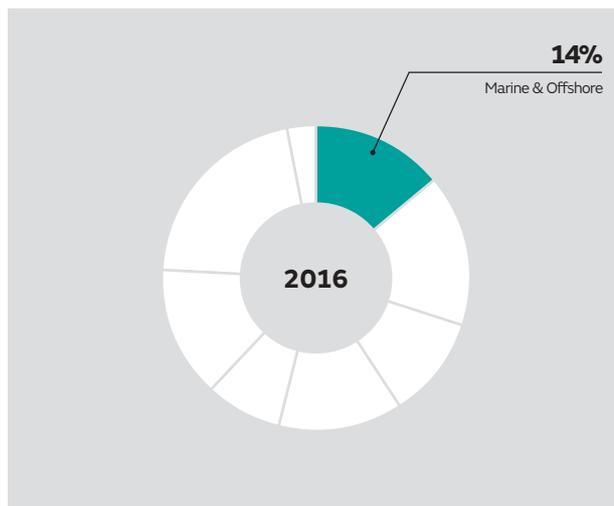
## 1.6 Presentation of business activities

### 1.6.1 Marine & Offshore

#### GROUP REVENUE



#### GROUP ADJUSTED OPERATING PROFIT



#### A portfolio of high value-added services for a loyal client base

Bureau Veritas classifies ships and offshore facilities by verifying their compliance with classification rules, mainly regarding structural soundness and the reliability of all related equipment. This mission is usually carried out together with the regulatory (“statutory”) certification mission.

Class and regulatory certificates are essential for operating ships. Maritime insurance companies require such certificates to provide insurance, and port authorities regularly check that valid certificates exist when ships come into port. Similarly, keeping existing offshore facilities in compliance with safety and quality standards as well as regulatory requirements is also crucial for operators.

Marine & Offshore services are designed to help customers comply with regulations, reduce risk, increase asset lifecycles and ensure operational safety. The Group’s services begin at the construction phase, approving drawings, inspecting materials and equipment, and surveying at the shipyard. During the operational life of the assets, Marine & Offshore experts make regular visits and offer a comprehensive range of technical services including asset integrity management. On behalf of its clients, Bureau Veritas monitors any changes in regulations, identifies applicable standards, manages the compliance process, reviews design and execution and liaises with the authorities.

The Group has also diversified into several complementary services for its Marine & Offshore clients, including loss adjusting

and risk assessment for the offshore industry (acquisition of MatthewsDaniel in 2014); marine accident investigations, pre-and post-salvage advice and the re-floating of vessels (acquisition of TMC Marine Ltd in 2016); and niche services to manage risk at sea during offshore operations or projects with MAC.

In 2016, 41% of Marine & Offshore revenue was generated by the classification and certification of ships under construction and 59% was generated by the surveillance of ships in service and complementary services.

The Group is a member of the International Association of Classification Societies (IACS), which brings together the 12 largest international classification societies. They class more than 90% of world tonnage, with the remaining fleet either not classed or classed by small classification companies operating mainly at the national level.

#### Worldwide network

To meet the needs of its clients, the Marine & Offshore network spans 90 countries. In addition to 18 local design approval offices located near its clients, the Group’s network of 180 control stations gives it access to qualified surveyors in the world’s largest ports. This means that visits can be conducted on demand and without the delays that could be detrimental to the ship’s business and owner.

### A highly diverse fleet under Bureau Veritas class

Bureau Veritas ranks number two worldwide in terms of the number of classed ships and number five worldwide in terms of tonnage (Source: Bureau Veritas estimates). The Group has recognized technical expertise in all segments of maritime transport (bulk carriers, oil and chemical tankers, container ships, gas carriers, passenger ships, warships and tugs) and offshore

facilities for the exploration and development of both coastal and deep-water oil and gas fields (fixed and floating platforms, offshore support vessels, drill ships, subsea facilities). The fleet classed by Bureau Veritas is highly diverse, and the Group holds a leading position in the market for highly technical ships such as liquefied natural gas (LNG) or liquefied petroleum gas (LPG) carriers, FPSO/FSO floating production systems, offshore oil platforms, cruise ships, ferries, and specialized ships.

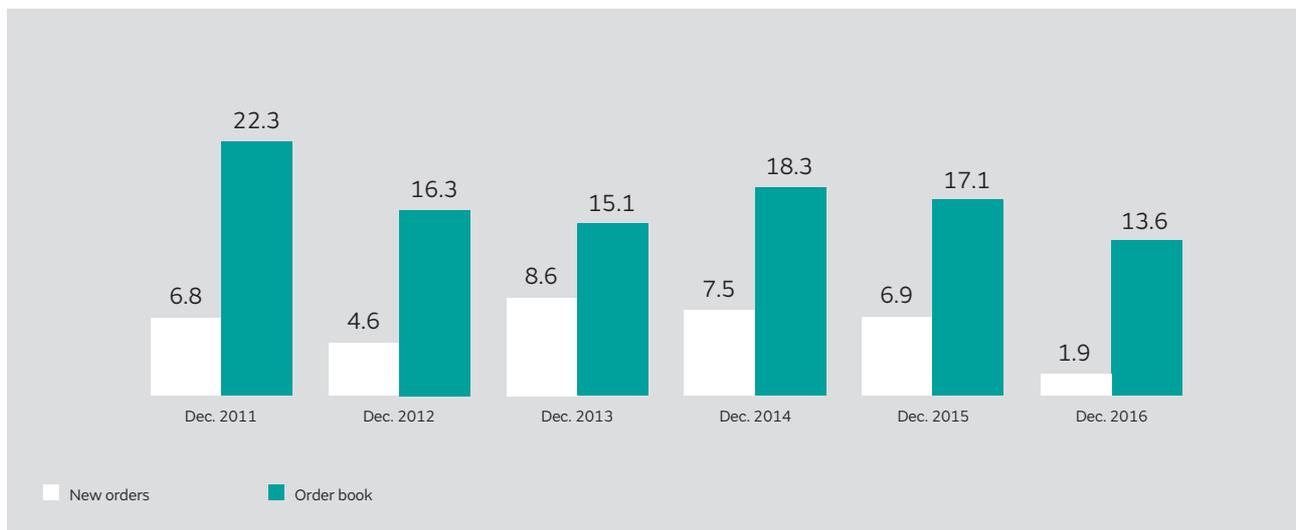
### A diversified and loyal client base

Bureau Veritas Marine & Offshore has several thousands of clients, and the largest represents approximately 2% of the business segment's revenue. Key clients are:

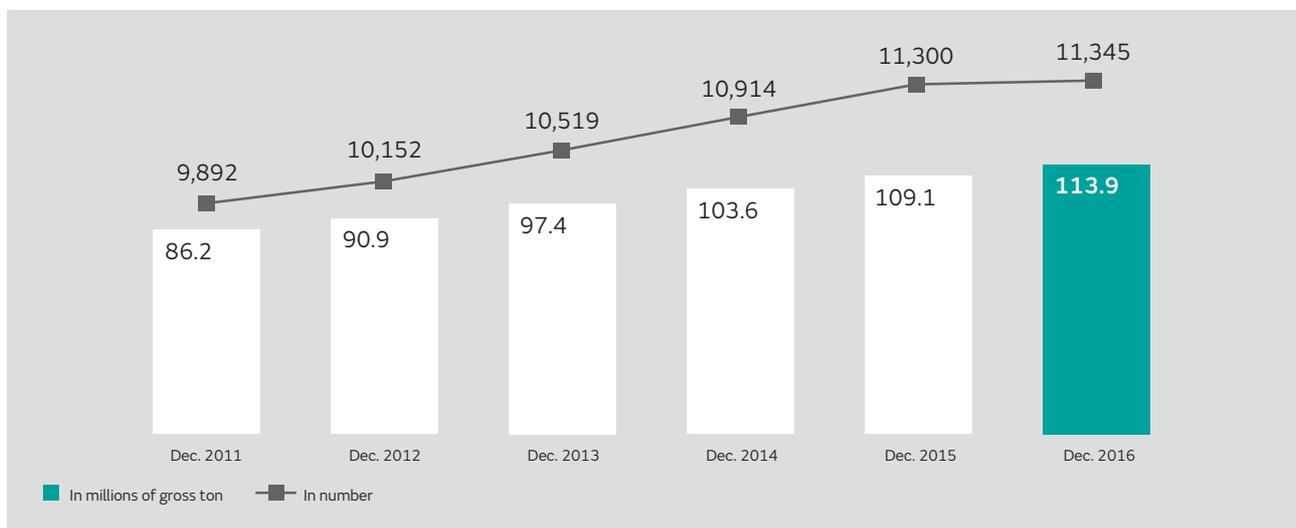
- shipyards and shipbuilders around the world;
- equipment and component manufacturers;
- shipowners;
- oil companies and Engineering Procurement Installation Commissioning (EPC) contractors involved in the construction and operation of offshore production units;
- insurance companies, P&I clubs and lawyers.

### Changes in the order book

in millions of GRT (gross registered tonnage)



### Changes in the Group's in-service fleet



## Changing market conditions

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### A changing regulatory environment

International regulations applicable to maritime safety and environmental protection continue to evolve, providing classification companies with growth opportunities. These include:

- new regulations to reduce greenhouse gas emissions for new and existing ships in accordance with the international conventions adopted under the aegis of the International Maritime Organization (IMO) and the European Union. To respond to these regulatory requirements and to help shipowners reduce energy costs, Bureau Veritas has developed a range of dedicated services and tools;
- the 2004 convention on Ballast Water Management (BWM) adopted under the aegis of the IMO, which makes it mandatory to obtain approval for ballast water treatment systems and imposes changes in ship design. This regulation will come into force at the beginning of September 2017;
- the Hong Kong international convention on ship recycling, which was adopted in May 2009 and is expected to come into force around 2018;
- the European ship recycling regulation which will take effect in 2020. It requires ships to have on board an inventory of hazardous materials (IHM);
- regulations applicable to ships for inland navigation transporting hazardous materials. Bureau Veritas is one of three classification societies recognized by the European Union;
- the new International Association of Classification Societies (IACS) unified requirement concerning on board use and application of computer-based systems, which came into force on July 1, 2016;
- a global move towards a “safety case” system for the offshore industry, which requires the expertise of an independent verification body;
- Regulation (EU) 2015/757 of the European Parliament and of the Council of the European Union on the monitoring, reporting and verification (MRV) of carbon dioxide emissions from maritime transport, which came into force on July 1, 2015. Monitoring plans are to be submitted for verification in 2017 and emissions reports are to be submitted for verification in 2019;
- the International Maritime Organization (IMO) Data Collection System (DCS) regulation concerning carbon dioxide emissions, which will come into effect in 2019.

### Volatility in new orders

The market for the construction of new ships is fairly cyclical. Until 2008, demand was buoyed by sustained growth in the global economy, the rise in the number of economic partners (China, Brazil, Russia, and India) and increasing distances between the main centers of production and consumption. All maritime transport was subsequently affected by the economic crisis that erupted in 2008. The global fleet's tonnage capacity increased due to the delivery of orders placed before the crisis. This led to overcapacity in transport supply, in particular in the bulk carrier and container ship segments, and to a fall in freight rates. After

years shaped by few new orders, the market rallied in 2013, buoyed by opportunistic orders placed as prices in shipyards fell, despite significant residual overcapacity in the market. 2014 and 2015 benefited from this upturn.

2016 saw a downturn in the cycle however, and was a difficult year in the Marine & Offshore markets. As a result of overcapacity in the Marine segment, new orders for bulk carriers or large container ships (together representing 13% of the fleet classified by Bureau Veritas expressed in number of vessels) contracted sharply over the last quarters.

The market in China and South Korea has been particularly difficult, with the closure of several shipyards. In Europe, where Bureau Veritas does a large amount of business, operations have proved fairly resilient, owing chiefly to passenger vessels. Declining activity in the Offshore segment is a result of low oil prices and a freeze on most Capex projects, with the notable exception of floating storage and regasification units (FSRU), LNG carriers and the emerging market of renewable marine energies.

Against this backdrop, Bureau Veritas is concentrating on two key areas:

- digitalization and;
- high value-added services.

## Digitalization and the development of a high value-added service offering

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### Digital innovations focused on performance

2016 saw the Group sign a flagship partnership with Dassault Systèmes. Bureau Veritas uses the software manufacturer's digital platform to enable continuous assessment throughout the lifetime of ships and offshore platforms, as well as onboard equipment. Specifically, the Group provides a 3D model of shipbuilders' and offshore operators' assets to help owners and operators in their decision-making, optimize maintenance and repair, and reduce costs and downtime. This is a key step in Bureau Veritas' digital transformation.

The Group has also equipped its clients and employees with productivity-enhancing tools that make fleet management easier. These include solutions like MyJobs, Connected Surveyors and My VeriSTAR and the use of tablets and smartphones by inspectors on board ships and platforms. This strategy has helped Bureau Veritas produce reports faster and improve client service.

The Group is also working actively on other solutions to improve the efficiency and security of its clients' assets and systems. Chief among these are innovative solutions to promote energy efficiency and to protect onboard equipment and systems from cyber-attacks.

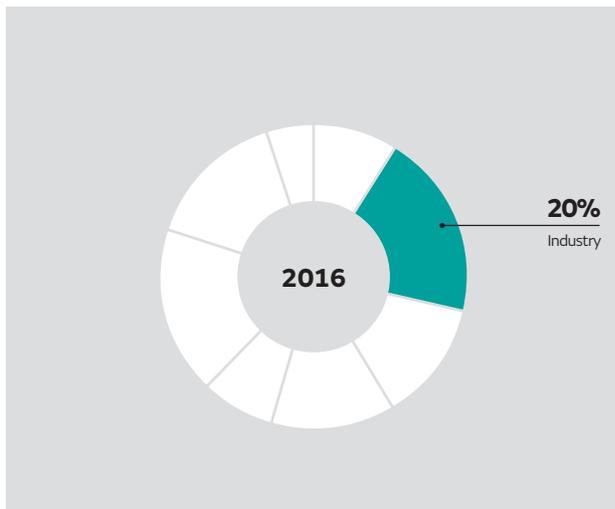
### A strategy based on broadening the service offer

Developing high value-added services and increasing the client portfolio that the Group can serve represents a second avenue for growth. In 2016, several acquisitions were carried out as part of this strategy. These included TMC Marine which provides pre- and post-casualty advice and support to clients such as P&I clubs, law firms, insurers, salvage companies and shipbuilders.

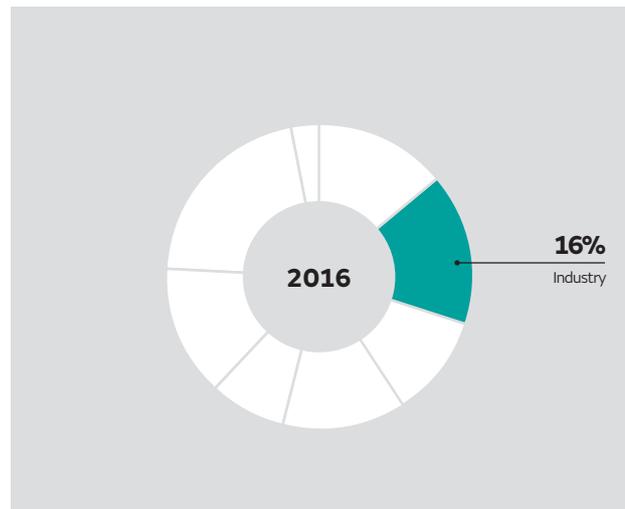
As a result, Bureau Veritas now offers a comprehensive range of services for new types of customers, along with highly specialized solutions that help its existing clients optimize their assets.

## 1.6.2 Industry

### GROUP REVENUE



### GROUP ADJUSTED OPERATING PROFIT



### A portfolio of services covering the entire asset lifecycle

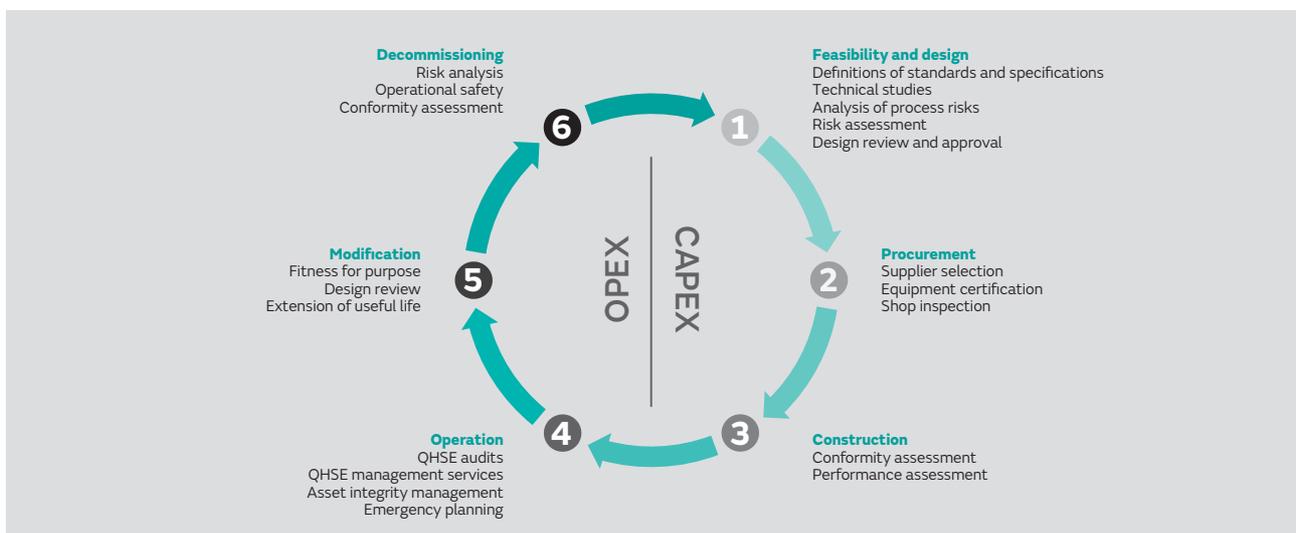
Bureau Veritas supports its industrial clients by conducting compliance assessments for equipment and processes throughout the life of industrial facilities. This involves verifying the quality of equipment, the reliability and integrity of assets and their compliance with client specifications, as well as with national and international regulations.

The solutions offered by Bureau Veritas fall into four main categories:

- assistance for industrial projects during the investment phase (Capex), including design review, risk and safety studies,

reliability studies, and shop and on-site inspections, from design to commissioning;

- services related to production continuity and asset integrity management during the Opex phase in order to optimize asset performance. These services include regulatory inspections and audits during the operation of industrial facilities, non-destructive testing during shut-downs, and measurement of fugitive emissions;
- independent third-party certification of equipment or facilities, in accordance with regional, national or international regulations;
- HSE project management for industry, technical instruction of staff, and the delivery of qualifications relating to technical standards and client specifications.



## Broad coverage of industrial markets

Bureau Veritas' Industry services cover many different sectors, including Oil & Gas (upstream, midstream, downstream), representing around 47% of revenue in 2016, as well as Power & Utilities (nuclear, thermal and renewable energies; gas for urban supply, water supply systems, waste management), Chemicals and Processing (cement, paper, etc.), Manufacturing (equipment, machines, modules), Metals & Minerals, Transport and Logistics (aeronautics, rail, terminals, port facilities, containers, etc.).

## A fairly diversified client base

Bureau Veritas serves a wide range of industrial firms across the value chain: asset owners and managers, engineering firms (EPC contractors), construction sites and equipment manufacturers. The Group acts as an independent third-party player, second-party inspector, technical consultant or external contractor for managing the QHSE aspects of a given project.

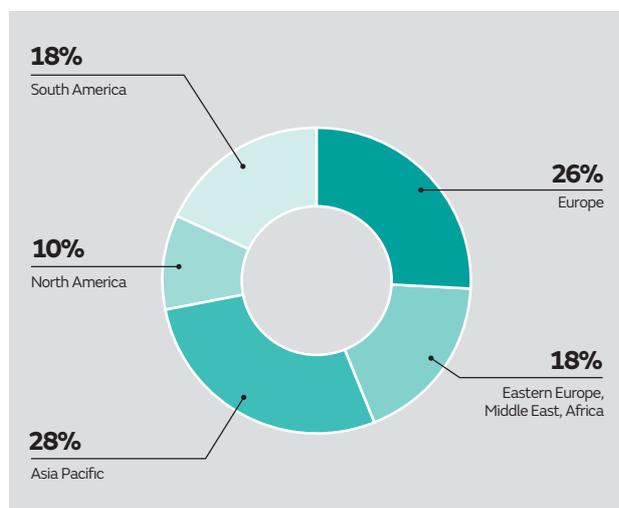
Bureau Veritas' clients are large international corporations operating worldwide and regional leaders of various sectors, as well as a considerable number of small local firms within each country. The Group provides an effective response to the needs of its clients through its targeted sales and marketing strategy, with the Group's global network ensuring that each client receives the same high-quality service. To deliver on its mission, Bureau Veritas has cutting-edge IT systems and tools used to manage operations, along with robust internal quality and risk management systems.

The Group's biggest client in its Industry business operates in the Oil & Gas sector and accounts for around 5% of revenue.

## A global presence and significant exposure to high-potential regions

Bureau Veritas' Industry business is present across the globe. The Group is active in all major industrial countries (France, Australia, the US, Italy, the UK, Germany, the Netherlands, Spain and Japan) and high-potential regions (Latin America, India, China, Africa, the Middle East, South East Asia and the Caspian Sea countries).

## 2016 REVENUE BY GEOGRAPHIC AREA



## Key market growth factors

The market for TIC services for industry is highly fragmented due to the diversity of end markets, and is defined by a large number of local firms and few large global players. The Group believes it was the world's leading provider of industrial inspection and certification services in 2016.

The factors Bureau Veritas sees as driving market growth are as follows:

- The number of industrial projects and the development of new regions and industries:** Bureau Veritas believes that investments in industrial facilities and infrastructure will remain significant, particularly in high-potential economies. Most sectors should benefit from this trend with the exception of Oil & Gas, which has seen a fall in exploration projects amid sluggish prices. The development of new industries such as renewable energies, high-speed rail and urban transport also offers new growth opportunities for the TIC market.
- Opportunities regarding existing assets (Opex services):** amid tighter financial conditions, industrial players are looking to prolong the life and use of their existing assets while reining in operating costs. Certain clients are reconsidering outsourcing control and inspection activities, thereby giving rise to new opportunities for growth. All sectors including Oil & Gas are benefiting from this trend.
- More and stricter regulations and standards** at both regional and international level, along with the globalized nature of the supply chain, are making the operational environment increasingly complex for industrial firms.
- The growing emphasis placed on safety and environmental risks,** along with sustainable development issues in general, owing to their significant impact on a company's brands and reputation.

## A strategy focused on diversification and on more recurrent business

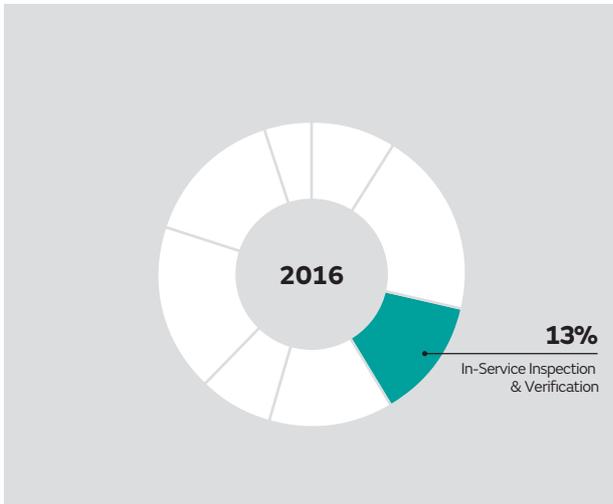
The Group will leverage its top-ranking position on the global market for inspection and asset management services for industry in order to continue diversifying its industry exposure and increasing its market share in Opex services.

In terms of diversification, it has identified key markets offering significant growth potential such as power & utilities, transport and chemicals.

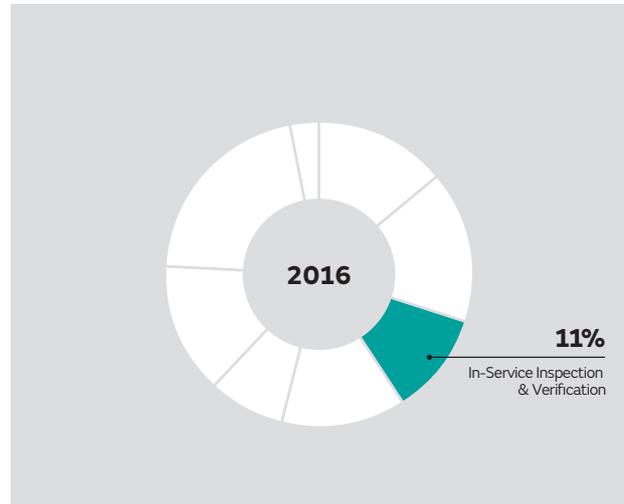
To improve the recurring nature of its businesses, Bureau Veritas has rolled out an initiative to develop Opex services, particularly for the Oil & Gas, Power & Utilities, and Chemicals sectors. To meet this objective, the Group will use and replicate the Capex/Opex model which it has successfully rolled out in other businesses, with key account management in particular helping to increase its market share with existing clients.

### 1.6.3 In-Service Inspection & Verification

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT



#### A portfolio of services aimed at improving the quality, safety and performance of buildings and infrastructure in operation

Bureau Veritas' mission is to provide independent assistance to clients such as asset owners, operators and managers, in order to help them attain their performance, safety and regulatory compliance objectives when operating their real estate assets, by reference to the best international practices.

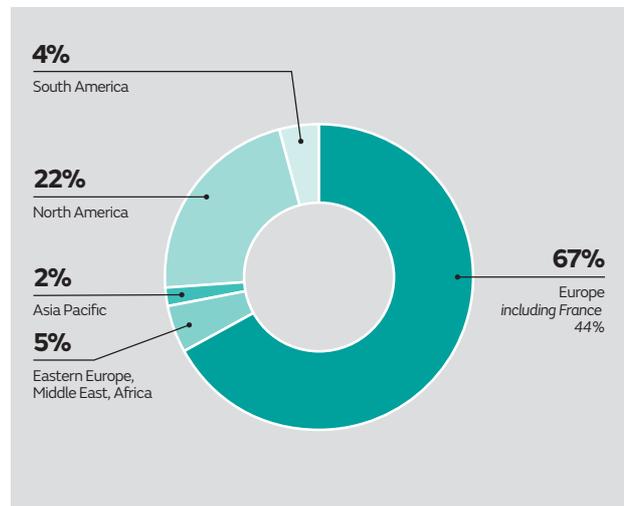
Bureau Veritas designs a suite of services tailored to the needs of its clients and their environment (the type of parties involved, local regulations, operating and maintenance techniques), using the best inspection, testing, critical data analysis and online reporting tools. The Group has an international network of experts in various fields including structure, envelope, electrics, fire safety, air conditioning, heating, elevators and lifting equipment, pressure equipment, indoor air quality and acoustics.

The service offering covers all types of buildings and facilities, particularly residential buildings, commercial buildings (offices, hotels, hospitals, stores and supermarkets, logistics warehouses, industrial buildings, multipurpose complexes), public buildings, road, rail, port and airport infrastructure, and sports and leisure facilities.

The In-Service Inspection & Verification business is recurrent, owing partly to the periodic inspections required by regulations and partly to the fact that the condition of an in-service real estate asset changes on an ongoing basis and therefore requires regular inspections. As a result, most of the Group's business comes from multi-year contracts or contracts that are renewed from year to year.

The Group mainly operates in mature countries (France, the UK, Spain, the US and Japan), but has also developed a presence in certain high-potential markets (China, Brazil and the United Arab Emirates).

2016 REVENUE BY GEOGRAPHIC AREA



# 1

## Presentation of the Group Presentation of business activities

### World leader

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The Group believes that it has a number of advantages that have enabled it to carve out a position as global leader of the In-Service Inspection & Verification market:

- it is able to provide a comprehensive offering both to local and international clients, leveraging its broad geographic coverage and the diverse technical capabilities of its local teams, which allow it to offer a full range of mandatory inspection services;
- it is involved in the construction phase for certain assets, making it ideally placed for in-service work;
- it boasts unrivaled technical expertise based on leading-edge methodological tools and technologies. The use of an integrated suite of tools has raised the quality of the service provided to clients; and
- its established position in the market gives it access to historical data and statistics that are used to improve collective knowledge.

### A market that benefits from structural growth drivers

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The growing global market for In-Service Inspection & Verification is driven by:

- ongoing growth in global real estate;
- the growth of high-potential markets, where the emergence of the middle classes has resulted in more demanding expectations in terms of quality of life and the performance of buildings and facilities;
- the development of new technologies for buildings and facilities and their operation;
- the outsourcing by public authorities of certain mandatory building and facility inspections.

### A strategy focused on geographic expansion, innovation and productivity gains

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#### Continuing to improve the geographic balance

The Group has built a solid network in the main high-growth countries. It has developed its presence by supporting the international expansion of key international accounts and by offering solutions for local markets. These include developing voluntary services in the Chinese market for large global clients, fire safety inspections in shopping malls in Brazil, and factory inspections in Bangladesh for the subcontractors of large international retailers. The business has also grown in the US, Canada (with the consolidation of Maxxam's environment activities) and Japan (launch of periodic regulatory building inspections).

#### Developing services focused on performance management assistance for real estate assets

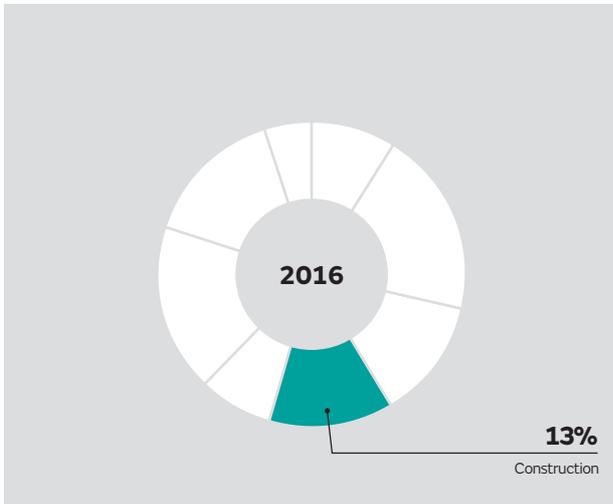
Bureau Veritas participates in projects that require data processing capacities (Big Data) and new systems that collect information using sensors. The Group has therefore adapted its knowledge-sharing, technical support and connected tablet reporting tools for its technicians and engineers, as well as for its clients, by making the data available online and interfacing it with maintenance management tools.

#### Service quality excellence and improved profitability

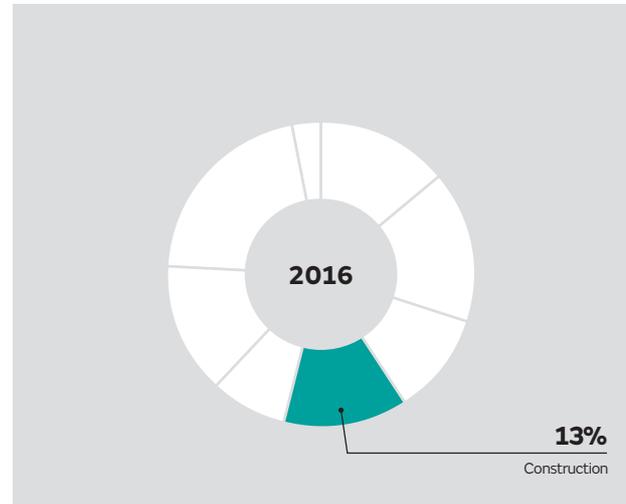
Optimization of the services portfolio and the roll-out of lean management has led to a significant improvement in the quality of services and profitability in certain key countries. The aim is to continue these efforts and to deploy these best practices in all countries.

### 1.6.4 Construction

#### GROUP REVENUE



#### GROUP ADJUSTED OPERATING PROFIT



#### A portfolio of services aimed at improving the quality, safety and performance of construction projects

Bureau Veritas' mission is to provide independent assistance to clients such as supervisory authorities, developers, investors, engineers and construction firms, and help them attain the quality, safety and performance objectives for their projects while complying with regulations and the best international standards.

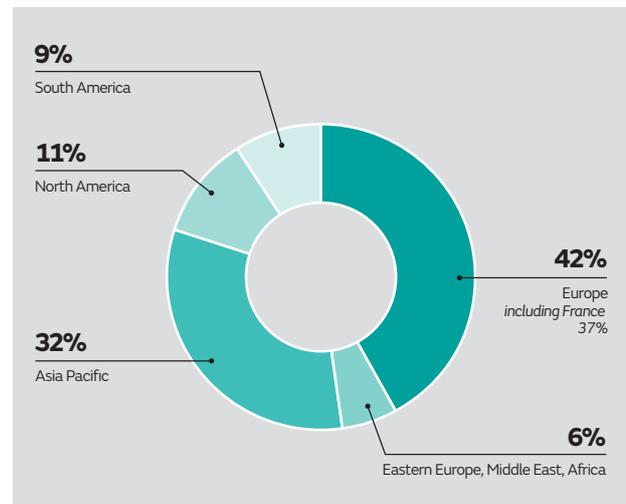
Bureau Veritas builds a range of services tailored to the needs of its clients and their environment (project development, local regulations, design and construction techniques), combining the best design review and testing techniques for the production and pre-production phases and the best calculation and project management tools. The Group has an international network of experts in various fields including geotechnics, foundations, cement, steel, wood and mixed woods, seismology, vibration, fire safety, facades, waterproofing, air conditioning, heating, electrics and elevators.

The portfolio of services covers all types of buildings and infrastructure, particularly residential buildings, commercial buildings (offices, hotels, hospitals, stores and supermarkets, logistics warehouses, industrial buildings, multipurpose complexes), public buildings, road, rail, port and airport infrastructure, and sports and leisure facilities.

In order to limit exposure to the cyclical nature of construction markets, the Group is rebalancing its positioning between mature and high-potential countries, and has developed complementary asset management-related services such as technical and environmental audits, energy audits and assistance in obtaining "green" building certification. This strategy enabled the Group to mitigate the impact of the construction crisis in France, which remains one of the Group's main markets.

Bureau Veritas operates in mature countries, mainly France, the US and Japan. It has also expanded its presence in a number of high-potential markets such as China, Brazil, Singapore, the United Arab Emirates, Saudi Arabia and South Africa.

#### 2016 REVENUE BY GEOGRAPHIC AREA



## **A global leader in compliance assessment for the construction market**

Although local by definition, compliance assessment for the construction market reflects certain key global trends such as:

- the increasing urbanization of high-potential countries, which has given rise to “mega cities” and major infrastructure needs;
- the emergence of the middle classes in these countries, which has resulted in more demanding requirements in terms of quality of life and the performance of buildings and facilities;
- stricter sustainable development requirements in mature economies;
- regulatory changes;
- new construction methods, particularly Building Information Modeling and increased automation of construction processes.

## **A strategy focused on improving the geographic balance of activities and developing an innovative portfolio of services**

Bureau Veritas is currently a leading player in the construction market. To continue growing, it must roll out the model it successfully developed in mature markets – particularly in Europe – to regions with high potential, and expand its innovative service offering.

### **Expansion in markets with strong growth potential**

The portion of revenue from high-potential countries increased from 10% in 2011 to 46% in 2016. The Group has built up a solid network in the main countries concerned. In China, the Group has

developed regulated businesses thanks to its 2012 acquisition of Huaxia, and its acquisitions of Shangdong Chengxin and Shanghai TJU Engineering Services in 2015, and to its voluntary Project Management Assistance assignments. In 2016, the Group further expanded its footprint in China, acquiring Chongqing Liansheng and Shanghai Project Management (acquisitions completed in 2017).

In 2014, the acquisition of Sistema PRI bolstered the Group’s presence on the facilities market in Brazil and has since helped this business expand into other South American countries.

The Group’s position in the US has also been strengthened through geographic expansion and the development of new products.

### **An innovative portfolio of services tailored to new client requirements**

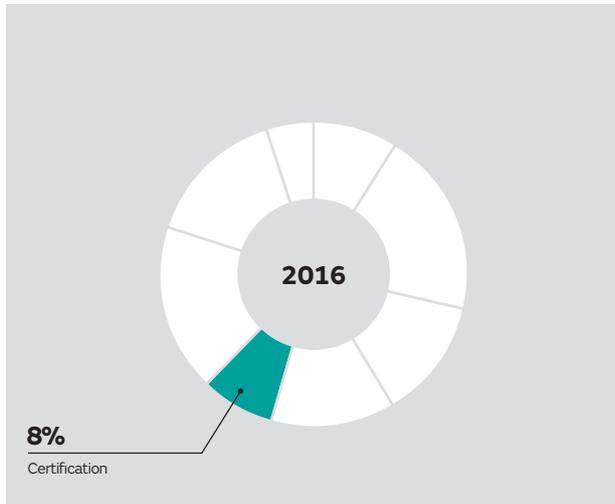
Bureau Veritas has developed its portfolio of services in response to new client requirements regarding new technologies in particular. The Group is involved in a number of projects designed using Building Information Modeling systems (e.g., the Louis Vuitton Foundation in Paris) and is adapting its services and internal tools to this collaborative design methodology.

Assisted by its main clients, Bureau Veritas developed Building in One™, a cloud-based information exchange platform. This manages building-related data by creating a virtual building that can be accessed by all stakeholders in the property chain.

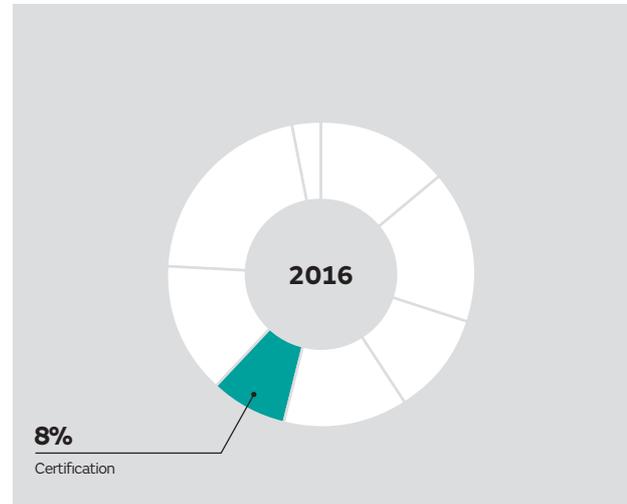
The Group is also developing its services for sustainable buildings. For example, Green Rating™, an environmental performance benchmarking tool for buildings, now covers new social responsibility requirements. Elsewhere, a partnership agreement was signed with the US Green Building Council (USGBC), founder of the LEED™ certification system, in order to support its international development.

## 1.6.5 Certification

### GROUP REVENUE



### GROUP ADJUSTED OPERATING PROFIT



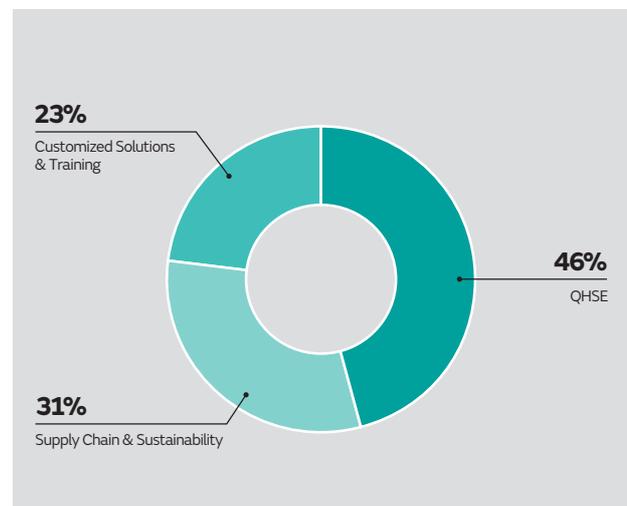
### A full range of customized audit and certification services

As a certification body, Bureau Veritas certifies that the QHSE management systems utilized by clients comply with international standards, usually ISO norms, or with national, segment or large company-specific standards.

The Certification business provides a global and integrated offering, including:

- QHSE management system certification services: Quality (ISO 9001), Environment (ISO 14001), and Health and Safety (OHSAS 18001);
- certification services in accordance with specific sector schemes, in particular for the automotive industry (ISO TS 16949, soon to be replaced by the IATF), aeronautics (AS 9100), rail (IRIS), Agri-Food (BRC/IFS, ISO 22000, HACCP – management of food health and safety), the forestry/wood sector (FSC/PEFC), the nuclear industry and health services. In France, Bureau Veritas also provides label certification services in the Agri-Food sector (e.g., *Label Rouge*, *Agriculture Biologique (AB)* and *Origine France Garantie*);
- environment-related services: verification of sustainability practices in the fields of climate change (EU ETS), energy management (ISO 50001), biomass and biofuel sustainability (EU Directive on Renewable Energy), carbon footprinting (ISO 14064, PAS 2050), social responsibility (SA 8000, ISO 26000) and sustainability reporting (AA 1000, GRI);
- customized certification and second-party audits, based on standards defined by clients to audit or certify their network of franchisees, resellers, stores or suppliers;
- training: accredited by the International Register of Certificated Auditors (IRCA), the Certification business also offers training in quality, health and safety, environment, social responsibility, food safety, information system security, business continuity management and energy management.

### 2016 REVENUE BY BUSINESS SEGMENT



### A resilient market

The Certification market has seen steady growth in line with growth in the world economy. This is due to the fact that Certification covers a wide variety of sectors and has a significant development potential on account of a still-low penetration rate in the corporate market.

Certification is also a very resilient market. Most contracts run on a three-year cycle, with an initial audit phase during the first year and further audits carried out during annual or semi-annual supervisory visits in the following two years. The certification process is generally renewed by the client for a new cycle after a period of three years. The average attrition rate observed for these three-year certification missions is low. It averages 10% and mostly reflects clients who have discontinued their business, who no longer seek to be active in the markets for which certification

# 1

## Presentation of the Group Presentation of business activities

was required, or who have consolidated their numerous certification programs into one single program.

In September 2015, ISO 9001 and ISO 14001 were revised. In 2016, the first companies upgraded their Management Systems and transitioned to these new standards, which bring more added value because they involve a company's entire management team, developing risk management and allowing for standards to be more easily assimilated. In late 2016, the transition in transportation began with new IATF standard in the automotive industry, which replaces ISO TS 16949, and the revision of AS 9100 for the aeronautics industry.

### A diversified client portfolio

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The Group manages a large volume of certificates (over 139,000 certificates currently valid) for three types of client:

- large international companies, most commonly for external certification assignments of their management systems covering all of their sites worldwide;
- large national companies seeking to improve their performance and enhance their reputation by certifying their management systems; and
- small and medium-sized companies for which management system certification may be a condition of access to export, public procurement, and high-volume markets.

The Certification portfolio is very diversified. The Group's biggest Certification client represents less than 1% of the business's revenue.

### Market position

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#### A front-ranking player

Bureau Veritas is a leader in Certification along with a few other global companies. The market is still fragmented, with more than two-thirds of the world's Certification business conducted by local and/or small firms.

Thanks to its global presence, Bureau Veritas is ideally placed to help its clients develop in high-potential regions, particularly in Asia. The Certification business helps build company trust in these emerging markets upstream of the supply chain.

#### Bureau Veritas boasts strong competitive advantages:

- a broad, diverse offering covering all certification services, meeting needs specific to the main business sectors and providing innovative, customized solutions to companies wishing to improve their performance;
- a global, coherent network of qualified auditors in all major geographic regions, allowing Bureau Veritas to have critical mass in local markets, along with the ability to manage large-scale contracts through six major regional hubs;

- expertise universally acknowledged by over 50 national and international accreditation bodies;
- a one-stop-shop offer: thanks to its very broad range of expertise, Bureau Veritas Certification simplifies management for the most complex projects (multiple certifications, international issues, etc.);
- efficient report management tools, enabling customers to consult audit results for all of their sites throughout the world and monitor key indicators such as the number of audits already planned, incidents of non-compliance, certificates issued and invoicing; and
- a certification brand that is known and respected across the globe as a symbol of expertise and professionalism, enabling clients to enhance the image of their company and gain the confidence of their customers and partners.

### A strategy focused on key accounts and new product development

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#### Increase business with key accounts

The Certification market is still fragmented and is expected to consolidate as large international corporations entrust their system certifications to a limited number of certification bodies. The aim is to simplify and harmonize the certification process, obtain more visibility over their operations, better deploy and assimilate standards and reduce direct and indirect costs related to the audits.

Leveraging its global footprint, Bureau Veritas is ideally placed to address this new market need. Bureau Veritas is one of the few companies able to offer global certification to the main standards used by large international corporations.

#### Development of new products and services

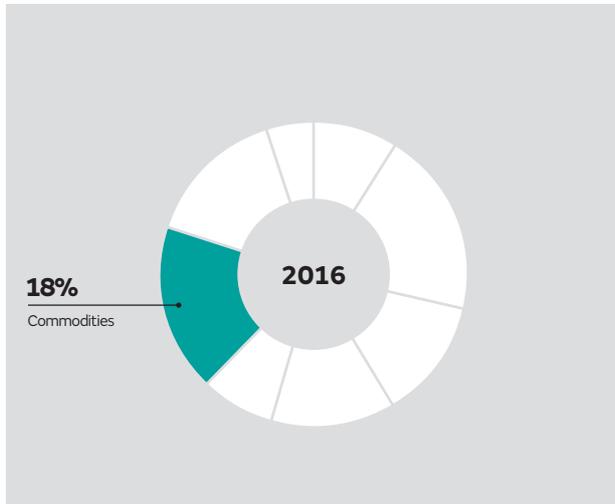
To assist its clients in implementing the revised ISO 9001, 14001, IATF and AS 9100 standards, Bureau Veritas has developed bespoke client services which include online training, self-assessment tools, pre-audits or audits in order to prepare and facilitate their transition to the new requirements.

Other new products round out its existing offering in several critical areas. In risk management, the Group has launched solutions covering Business Continuity, asset management and the fight against corruption. The Group's new offerings in the digital field concern cyber security and protection of personal data. In sustainable development, Bureau Veritas helps companies verify their environmental footprint, social responsibility commitments and sustainable development reports.

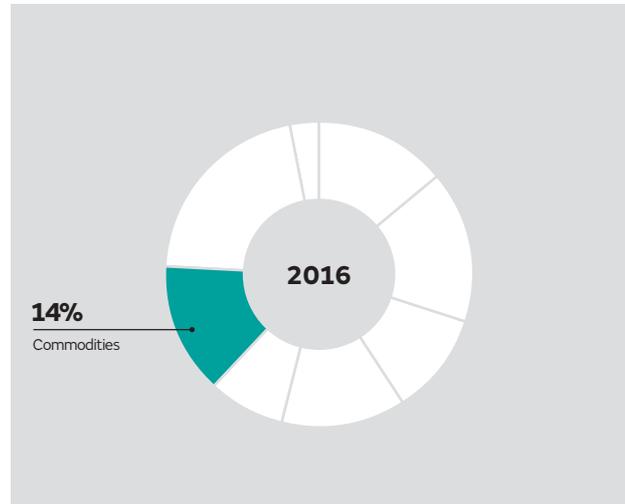
Bureau Veritas is also stepping up the drive to digitalize its services through several solutions. These include e-learning solutions for training services, the launch of an e-commerce platform allowing small and mid-sized business clients to purchase their certification services directly online and benefit from solutions tailored to their needs, and e-certificates, the new secure digital certificates from Bureau Veritas.

## 1.6.6 Commodities

### GROUP REVENUE



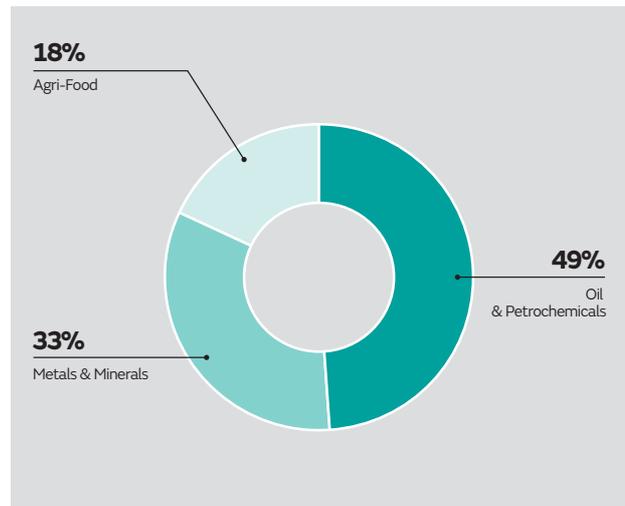
### GROUP ADJUSTED OPERATING PROFIT



The Commodities business provides a wide range of inspection and laboratory testing services in three main market segments: Oil & Petrochemicals, Metals & Minerals (including Coal) and Agri-Food. The Group has a diversified business portfolio covering all commodities at each stage of the production cycle (exploration, production, trade), and operates in many geographic regions.

This balanced portfolio enables Bureau Veritas to weather cycles related to fluctuations in trading volumes and capital expenditure and to assist its customers throughout their projects, from exploration and production to shipping and processing.

### 2016 REVENUE BY BUSINESS SEGMENT



### Oil & Petrochemicals

The Group provides inspection and laboratory testing services for all oil and petrochemical products, including crude oil, gasoline, light distillates, heavy distillates and petrochemicals.

The segment is mainly focused on the inspection and testing of bulk marine oil cargoes, generally during their transfer from production sites to the world's major oil refining and trading centers. Cargo inspection services can assist in providing assurance that valuable bulk commodities are delivered within contractually agreed specifications and limits, avoiding contamination and reducing losses.

The Group also offers laboratory testing services, which recently became an important growth area with oil refineries, pipeline managers and other market players now outsourcing these activities. Laboratory analysis by an independent body is an

essential means by which oil industry players can be sure that products comply with industry standards.

The Group also offers its clients high value-added adjacent services such as crude oil assays, LPG services, cargo treatment, bunker quantity surveys, biofuel certification, lube oil analysis and measurement services. The acquisition of Maxxam has strengthened Bureau Veritas' position in natural gas, bitumen and oil sands analysis.

Most of the activity relates to trade volumes of oil and petrochemicals, which are dependent on the end consumption of these products. Maxxam's businesses are chiefly related to production volumes in the upstream and midstream segments, notably for oil sands.

## Extensive global coverage and a key presence in major refining centers

The Group has a global network of laboratories and qualified Oil & Petrochemicals measurement and inspection experts.

The business is managed from two strategic locations: Houston and London. These locations are major Oil & Petrochemicals trading centers and headquarters for many of the major oil companies and traders. Additional support is provided by other key locations in Moscow, Rotterdam, Singapore, Geneva, Buenos Aires and Dubai. Maxxam's petroleum activities are managed from its base in Toronto, Canada, while the laboratories are located in the Alberta and Saskatchewan regions.

## Metals & Minerals

The Metals & Minerals segment provides a wide range of inspection and laboratory testing services to the mining industry, covering all minerals (coal, iron ore, base metals, bauxite, gold and precious metals, uranium) and metals (coke and steel, copper cathodes, bullion). These services can be split into two categories:

### Exploration and production-related services ("Upstream services" – around 60% of revenue)

The Group provides laboratory testing services, including sample preparation, geoanalytical testing along with metallurgy and mineral tests. These tests provide mining companies with crucial information at the different stages of a mining operation:

- during the exploration phase, where activity and volumes are dependent on the launch of new mining projects or on the expansion of existing mines and therefore commodity prices;
- during the production phase, which has a more recurrent nature since it is related to the operation of an existing asset.

### Inspection and testing services relating to international trade (around 40% of revenue)

Trade-related inspection and testing services verify and certify the value of shipments by assessing the quantity and quality of commodities as they are shipped. This business is related to the volume of commodities traded.

## Leading-edge laboratories

Bureau Veritas has world-class facilities in all of its Metals & Minerals activities. The reputation for quality of service, technical excellence and innovation cultivated by the Group over the years allows Bureau Veritas to offer high quality service across all laboratories and inspection facilities around the globe.

## Agri-Food

Bureau Veritas intends to be a leading provider of inspection, certification and laboratory testing services to the agriculture and food industries, covering the entire supply chain, from farm to fork.

These services can be split into two categories:

### Agricultural commodities inspection and testing

Services cover all agro-commodities in dry, liquid, bulk or bagged forms. Agro-commodities mainly concern agricultural products (grains, vegetable oils, biofuel, feedstock and by-products, crude and refined glycerin) as well as fertilizers.

Inspection services maximize control at every link in the supply chain, from hold and hatch surveys to loading and discharge supervision.

### Food safety inspection, certification and testing

Key analyses chiefly cover veterinary drug residues, pesticides, heavy metals, organic contaminants, nutritional testing, allergens, colorants and dyes, along with microbiological, chemical and environmental-type analyses for a series of foodstuffs.

## Established presence with major companies

Bureau Veritas enjoys long-standing relationships with the leading operators in the oil, mining and Agri-Food industries, as well as with the leading commodity trading companies.

## Solid competitive advantages

The Group believes that its leading position is based on the following competitive advantages:

- a global presence, with significant exposure to key geographies and high-potential economies;
- strong leadership positions in all commodities segments with recognized multi-sector technical expertise;
- high-level technical capabilities in key locations; and
- long-standing relationships and a good reputation with major players in the Commodities sector.

## A leading position built through acquisitions

Today, the market for Commodities testing and inspection is fairly concentrated. Bureau Veritas has played an active role in the consolidation of this sector.

Since 2007, the Group's Commodities business has expanded through a series of acquisitions in Australia (CCI, Amdel), Chile (Cesmec, GeoAnalitica) and South Africa (Advanced Coal Technology). In September 2010, the Group took a decisive step with the acquisition of Inspectorate, a global leader in the inspection and analysis of commodities (oil, metals and minerals, and agricultural products). Following this acquisition, the Group gradually deepened its footprint in Canada (ACME Labs, OTI Canada Group) before becoming no. 1 in oil analysis services on this market with its acquisition of Maxxam Analytics finalized in 2014. Also in 2014, Bureau Veritas continued to expand in North America after its acquisition of US-based Analysts Inc., a specialist in oil condition monitoring.

Bureau Veritas believes that it is ranked third worldwide in Oil & Petrochemicals inspecting and testing and that it is one of two international operators offering the full range of inspection and testing services at all stages of the cycle (exploration, production, international trade) for all minerals.

Growth in the Agri-Food segment has been fueled by acquisitions. In 2016, the Group became a leader on the dairy products market in Australia following its acquisition of DTS.

### A strategy focused on geographic expansion and an enriched portfolio of services

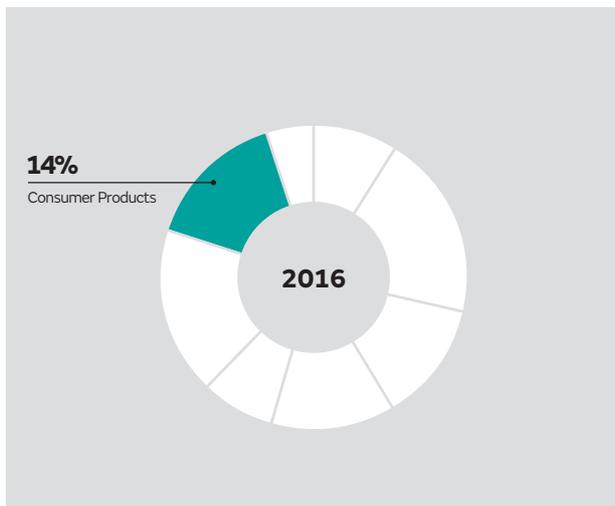
The recent economic environment defined by low oil prices and a rise in trading of crude and refined products has been a boon to Oil & Petrochemicals product analysis. The Group continues to expand in this segment, reinforcing its market share in inspections and tests of marine cargo by deepening its geographic footprint and opening new sites. The Group's strategy is also to develop its laboratory testing for lube oil, marine fuel and natural gas, and to manage laboratories outsourced by clients.

In the Metals & Minerals segment, Bureau Veritas' priority is still to provide a coherent, comprehensive offer, develop new services and optimize the Group's geographic presence. Its ambition is to increase its market share in trade-related inspections and in testing services through an expanded network leveraging its expertise and strong client relations.

In Agri-Food, the Group's aim is to become world's leading players, rounding out its offering to ensure it is present at every stage in the industry's supply chain. Bureau Veritas will strengthen and carve out positions at the world's biggest agri-commodity import and export locations, and also intends to develop its solutions on niche food testing markets. Bureau Veritas is presently a world leader in rice inspections, in certification for processed products originating from organic farming in France, and in dairy product testing in Australia. The TIC market for Agri-Food should see vigorous growth driven by the population increase, the globalization of the food supply chain, more stringent regulations and rising consumer demand in terms of quality and product traceability.

## 1.6.7 Consumer Products

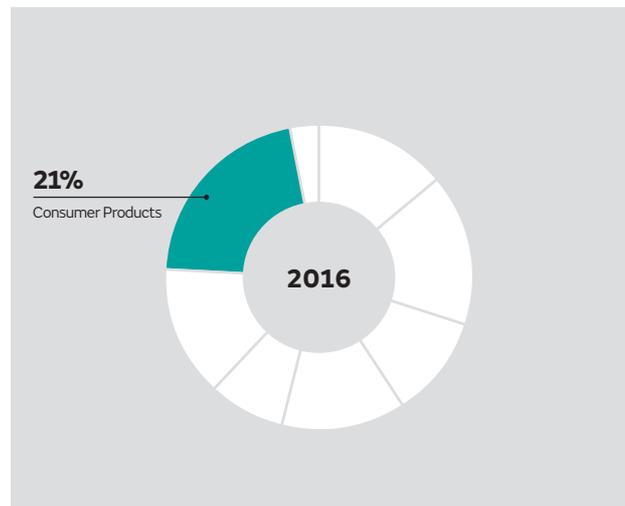
### GROUP REVENUE



### A portfolio of services covering the entire consumer products manufacturing and supply chain

The Group provides quality management solutions and compliance assessment services for the consumer products manufacturing and supply chain. These solutions and services, which include inspection services, laboratory testing and product certification as well as production site and social responsibility audits, are provided to retailers, manufacturers and vendors of consumer products.

### GROUP ADJUSTED OPERATING PROFIT

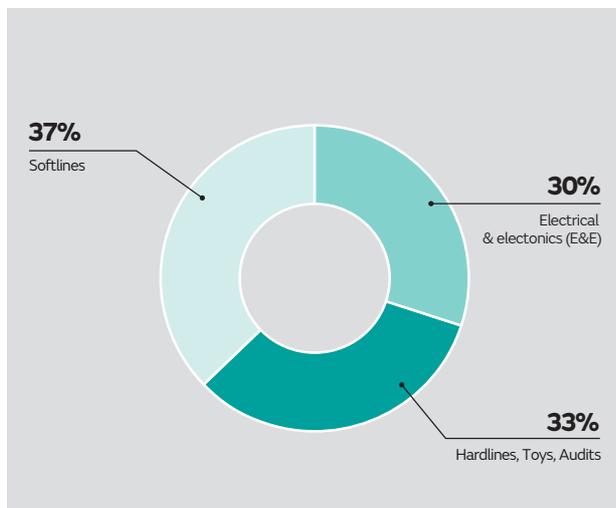


Services are provided throughout the clients' manufacturing and supply chains to ensure that products offered to the market comply with regulatory safety standards or voluntary standards of quality and performance.

The main product categories include:

- textiles (clothing, leather goods, footwear);
- hardlines (furniture, sporting and leisure goods, office equipment and supplies) and toys;
- electrical and electronic products such as domestic appliances, wireless and smart devices (tablets, smart phones, applications and connected objects) and automotive products (parts, components and on-board systems).

## 2016 REVENUE BY PRODUCT CATEGORY



The Group provides services:

- during a product's design and development: verification of product performance, advice on regulations and standards applicable in all countries across the globe, assistance in defining a quality assurance program;
- at the sourcing stage for materials and components: inspections and quality control tests for materials and components used in manufacturing the product;
- at the manufacturing stage: inspections and tests to assess regulatory compliance and product performance, as well as compliance of product packaging, factory audits with respect to quality systems and social responsibility; and
- at the distribution stage: tests and assessment of compliance with specifications, and comparative tests with equivalent products.

### A concentrated and loyal client base

The Group provides its services to retailers, brands and manufacturers throughout the world, but mainly in the US and Europe for products they source from Asia. Retailers in emerging countries in Latin America, China and India are also enjoying rapid growth, and the Group has recently developed its business with local Asian clients and manufacturers.

Most of the revenue from this business is traditionally generated by around 100 key accounts. The 20 largest clients represented just under 30% of the revenue for this business in 2016.

Usually, the Group is accredited by a client-retailer as one of two or three inspection and testing companies (generally its major competitors) designated as an "approved supplier". In this situation, manufacturers and vendors can choose which company will inspect and test their products.

## A market driven by innovation and new regulations

The Group believes that the market will benefit from the following factors:

- the development of new products and technologies that will have to be tested;
- shorter product lifecycles and time-to-market, as demonstrated by the swift adoption of wireless/smart technologies and their emergence in all types of products;
- the continuing tendency of retailers to outsource quality control and product compliance assessment;
- stricter standards and regulations regarding health, safety, and environmental protection;
- growing demand from middle-class consumers in emerging countries for safer, higher-quality products;
- the gradual opening up of previously unexploited markets (India and China) to foreign players;
- the migration of manufacturing facilities to South Asia (Bangladesh, India, Pakistan, Sri Lanka) and South East Asia (Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Vietnam).

## Leading positions in key market segments

The Group is one of the world's top three consumer product testing companies, boasting leading positions in textiles and clothing, toys, and other hardlines. More recently, the Group has strengthened its positions in the Electrical & Electronics segment, and more specifically in SmartWorld and wireless testing (mobiles, connected devices) and for automotive products.

### A particularly robust presence in the US

The Group distinguishes itself from competitors by its robust presence in the US and its deep penetration of the large US retailer market, which has resulted from the successful integration of two US companies: ACTS, the US leader for testing toys and products for children, acquired in 1998; and MTL, the US number one for testing fabrics and clothes, acquired in 2001.

### Growth in market share in Europe

Business in Europe has grown significantly over the past few years, mainly in Germany, which has become an important market. The Group continues to expand its activities and skills in Europe to reinforce its client base and optimize its position in the toys and hardlines testing segment. In December 2015, Bureau Veritas strengthened its foothold in Italy following its acquisition of luxury product testing laboratory, Certest.

### A growth strategy focused on domestic markets in Asia

To adapt to a market which is driven chiefly by domestic consumption rather than by exports, the Group has devised a plan to develop its activities on fast-growing domestic markets and particularly China. This means growing organically, such as with the 2016 opening of a test circuit for tires in China's northern Zibo region, and through acquisitions or joint ventures with local firms.

### Unique supply chain quality management solutions

The Group believes that its "BV OneSource" service offering is a unique and innovative solution for customers seeking an integrated solution for global supply chain quality and information management. BV OneSource offers real-time tracking of the status of tests and inspections conducted on products as well as immediate access to applicable reports and regulations. This digital platform is an analytical tool that helps customers manage their risks, protect their brand and access better information on their sourcing.

### A breakthrough in wireless technologies and SmartWorld

Innovation remains one of the key factors driving growth. The SmartWorld initiative was launched to address growth

opportunities resulting from the exponential growth in the number of connected devices, as regards both equipment testing as well as new connected services and data security.

Thanks to its acquisition of 7Layers in Germany in January 2013, the Group became one of the world's leaders in wireless/smart technologies. Working hand-in-hand with a broad spectrum of industries involved in the continuous improvement and increased usage of wireless communications technologies, devices, services and applications for all facets of modern life, in early 2017, the Group strengthened its foothold on this market by acquiring Siemic, one of the main telecoms testing and certification bodies in the United States.

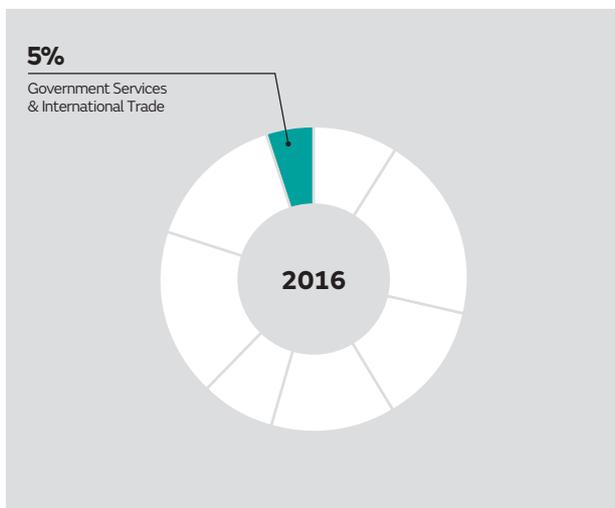
### A new platform in the Automotive sector

The automotive market is facing the shift of production and consumption to emerging countries and the move to "connected" cars and electrical technology. These trends will generate additional needs for TIC services.

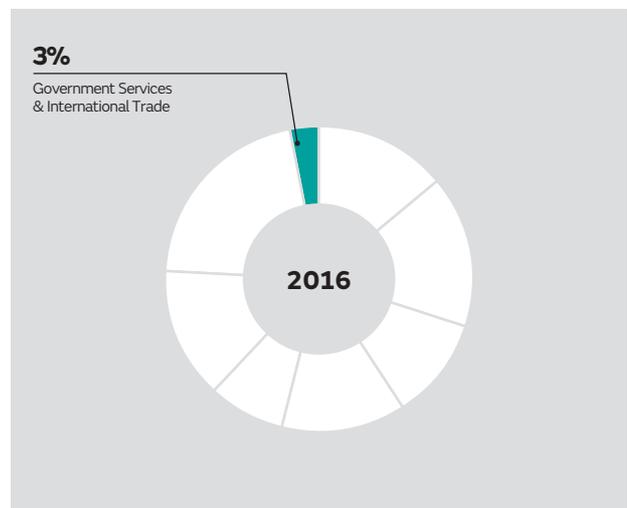
The majority stake acquired in VEO, a China-based automotive conformity assessment body, testifies to the Group's growth push, aimed at offering Chinese automakers and parts suppliers a genuine single window solution for both domestic and export markets.

## 1.6.8 Government Services & International Trade

### GROUP REVENUE



### GROUP ADJUSTED OPERATING PROFIT



### A diversified portfolio of services

#### Government Services

The Government Services & International Trade (GSIT) business provides merchandise inspection services (finished products, equipment, commodities) in connection with international trade transactions. These services are intended for governments (customs authorities, port authorities, standards

organizations, etc.), exporters, importers, intermediaries, banks, and international organizations managing development aid programs (the European Union, the World Bank, and the International Monetary Fund).

In the context of these programs, the Verigates client portal enables foreign trade operators and government authorities to confidentially track inspection records step-by-step through to delivery of the certificate on a dedicated, secure web platform available round-the-clock.

# 1

## Presentation of the Group Presentation of business activities

Bureau Veritas offers governments a range of services:

- Pre-Shipment Inspection (PSI) contracts, which are intended to ensure that import taxes are paid in compliance with applicable regulations. Clients include customs authorities, finance ministries and central banks;
- contracts for inspection at destination by scanner, which have the same purposes as PSI contracts and also allow governments to fight illegal imports and terrorism. To improve risk prevention, Bureau Veritas set up an X-ray scanning graduate school (ESIPbv) in West Africa. Clients include customs authorities, ministries (finance, trade), and port or airport authorities;
- contracts for the Verification of Conformity (VOC) of imported merchandise with existing regulations and standards, which are intended to prevent unfair competition and fraudulent imports of non-compliant, counterfeit or poor-quality products. Clients include standards organizations and trade and industry ministries;
- national single window foreign trade services, which are intended to facilitate and optimize the flow of import-export and transit or transshipment transactions by offering a secure, electronic platform for customs and port communities aimed at the entire community of domestic stakeholders of international trade (public and private sectors). These solutions are offered at every stage of the “Single Window” and help modernize, optimize and secure business processes. They are provided in accordance with the best practices recommended by major international institutions;
- national “Single Window” services, which are intended to provide a paperless platform for administrative processes as part of the move towards online government services. These services cover many different sectors. This type of single window is underpinned by an overview of the area of activity concerned; and
- consulting activities for European Union project funding.

### Diversification

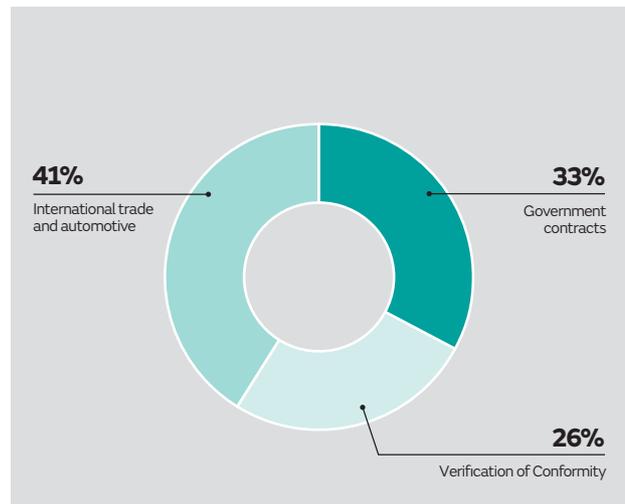
Bureau Veritas also provides a portfolio of services for the automotive sector which covers the entire supply chain from automaker to end user:

- inspection of damage to new vehicles throughout the supply chain for automakers. In June 2012, the Group strengthened its position in this segment with the acquisition of Germany-based Unicar;
- vehicle stock control of car and agricultural machinery dealers. Clients include automotive groups and/or organizations financing dealers' inventories. In April 2014, the Group bolstered its presence in this segment with its acquisition of US company Quiktrak;
- mandatory technical inspections of used vehicles. Clients include ministries of transport; and
- vehicle damage inspections, including inspections and the provision of statistics to insurance companies. In January 2011, the Group further strengthened its position in this segment with its acquisition of Brazilian market leader Auto Reg.

Lastly, Bureau Veritas provides a range of inspection services to facilitate international trade. These services aim to offer independent inspection to verify the compliance and quantity of shipments (commodities, consumer products, equipment). Clients include governments, exporters, importers, intermediaries, banks,

and international organizations managing development aid programs (the European Union, the World Bank and the International Monetary Fund).

### 2016 REVENUE BY BUSINESS SEGMENT



### A changing market

The increase in international trade since the early 1980s has generated strong demand for trade inspections and verifications.

However, due to new liberalization rules issued by the World Trade Organization and the reduction in customs duties in most countries, traditional PSI controls appear less strategic for the countries concerned and are gradually being replaced by Verification of Conformity (of products with standards) contracts.

The drivers of growth for this business are the growing number of contracts for inspection by scanner, services relating to the verification of products' conformity with standards, and other services related to facilitating trade, in particular the new national “Single Window”, as well as services for the automotive sector. These meet the Group's aim of ensuring an active presence throughout the automotive supply chain.

### A leading position

The Group believes it is the global leader in Government Services and that its main competitive advantages are:

- recognized know-how and expertise in the market built up over more than 20 years;
- the ability to put in place new programs very quickly worldwide;
- a dense and stable network of inspectors, laboratories and test centers, allowing a reduction in costs and project completion time; and
- significant synergies with the Group's other businesses, especially Consumer Products and Commodities. There are important synergies in terms of sharing the global network of testing laboratories, for example in connection with Verification of Conformity (VOC) contracts.

### **A strategy focused on partnering the shift to single windows and further diversification in the automotive sector**

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Recommendations by international organizations encourage governments to set up secure web platforms to restructure and simplify government services. “Single Windows” facilitate transactions and also deliver efficiency gains and cost savings. Bureau Veritas assists players in their modernization drive and

helps them to manage change. Single Windows have been introduced as part of public-private partnerships.

The automotive market is experiencing deep-seated changes with the relocation facing the shift of production and consumption to emerging countries and the move to “smart/connected” cars and electric technology. These trends will generate additional needs for TIC services. Bureau Veritas has built a robust presence in supply chain services, electronics and connectivity over the last five years. It aims to leverage these key areas of expertise and further round out its portfolio of services to become a recognized player in this sector.

## 1.7 Accreditations, approvals and authorizations

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To conduct its business, the Group has numerous licenses to operate (“Authorizations”), which vary depending on the country or business concerned: accreditations, approvals, delegations of authority, official recognition, certifications or listings. These Authorizations may be issued by national governments, public or private authorities, and national or international organizations, as appropriate.

### Marine & Offshore division

As a classification society, the Group is a certified member of the International Association of Classification Societies (IACS), which brings together the 12 largest international classification societies. At European level, Bureau Veritas is a “recognized organization” under the European Regulation on classification

societies and a “notified body” under the European Directive on marine equipment. Bureau Veritas currently holds more than 150 delegations of authority on behalf of national maritime authorities.

### Commodities, Industry & Facilities division

#### Industry & Facilities

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The Group has more than 150 accreditations issued by numerous national and international accreditation organizations, including COFRAC in France, ENAC in Spain, UKAS and CQI in the United Kingdom, ANAB in the United States, JAS-ANZ and NATA in Australia and New Zealand, INMETRO in Brazil, ACCREDIA in Italy, DAkkS in Germany, RVA in the Netherlands, BELAC in Belgium, INN in Chile and DANAK in Denmark. These accreditations cover both its certification activities and its inspection and testing activities.

The Group is also a notified body under European directives and holds more than 300 approvals, certifications, official acknowledgments and authorizations issued mainly by government organizations. The main international approvals concern pressure equipment, transport equipment for hazardous goods, building materials, Agri-Food products and environmental measures.

All such accreditations and approvals are regularly renewed upon expiration.

Each of the Group’s businesses has set up an organization dedicated to managing and monitoring these authorizations on a centralized basis, and the authorizations are subject to regular audits by the authorities concerned. Obtaining, renewing and maintaining these authorizations must be justified by qualitative and quantitative criteria concerning the independence, impartiality and professional capabilities of the beneficiaries, such as proof of (i) experience in the field concerned over a certain length of time, (ii) the existence of trained and qualified technical

personnel, and (iii) an internal quality control system conforming to applicable standards such as ISO/IEC 17020 for inspection companies or ISO 17021 for certification bodies, or those relating to testing and calibration laboratories (ISO 17025).

#### Commodities

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The Group is a member of several industry organizations including the International Federation of Inspection Agencies (IFIA), the American Association of Analytical Chemists (AOAC), the American Chemical Society (ACS), the American Petroleum Institute (API), the American Society for Quality (ASQ), the American Society of Safety Engineers (ASSE), the American Society for Testing and Materials (ASTM), the National Conference on Weights and Measures (NCWM) and the National Petroleum Refiners Association (NPRA). It is also a member of a number of British Standards Institution (BSI) committees, including those on iron ore, non-ferrous concentrates, copper and copper alloys.

The Group is US-customs bonded and approved and is also accredited by the American Association of State Highway and Transportation Officials (AASHTO) for laboratory asphalt testing. Certain minerals laboratories are included as listed Samplers and Assayers by the London Metal Exchange (LME) and as Superintendents and Facilitators by the London Bullion Metals Association (LBMA). The Group is also approved as a “Good Delivery Supervising Company” by the London Platinum & Palladium Market (LPPM). Certain Agri-Food laboratories are accredited by the Federation of Oils, Seeds and Fats Associations (FOSFA) and the Grain & Feed Trade Association (GAFTA).

## Government Services & International Trade division

The Group is a member of the International Federation of Inspection Agencies (IFIA), which brings together the principal international inspection companies. For government contracts, authorizations to conduct business are issued as delegations or concessions granted by national governments in contracts entered into with government authorities.

As of December 31, 2016, the division had some fifty government contracts.

For its PSI (Pre-Shipment Inspection) and VOC (Verification of Conformity) activities, Bureau Veritas is ISO 17020-accredited by COFRAC (the French Accreditation Committee).

The business is accredited by the International Motor Vehicle Inspection Committee (CITA) for vehicle inspections.

Depending on the products inspected, Agri-Food operations are accredited by the Federation of Oils, Seeds and Fats Associations (FOSFA), the Grain & Feed Trade Association (GAFTA), the Sugar Association of London (SAL) and the Federation of Cocoa Commerce (FCC).

## Consumer Products division

The Group holds the following principal authorizations and accreditations: American Association for Laboratory Accreditation (A2LA), French Accreditation Committee (COFRAC), *Zentralstelle der Länder für Sicherheitstechnik* (ZLS), Hong Kong Laboratory Accreditation Scheme (HOKLAS), IEC System for Conformity Testing and Certification of Electrical Equipment (IECEE), National Environmental Laboratory Accreditation Program (NELAP), Singapore Laboratory Accreditation Scheme (SINGLAS), United Kingdom Accreditation Services (UKAS), China National Laboratory Accreditation for Conformity Assessment (CNAS), *Deutsche Akkreditierungsstelle Chemie GmbH* (DACH), *Deutsche Akkreditierungsstelle GmbH* (DAkkS), AKS Hannover, National Accreditation Board for Testing and Calibration Laboratories

(NABL), Pakistan National Accreditation Council (PNAC), Laboratory Accreditation Correlation and Evaluation (LACE), *Komite Akreditasi Nasional* (KAN), Thai Industrial Standards Institute (TISI), Vietnam Laboratory Accreditation Scheme (VILAS), CTIA Authorized Testing Laboratory (CATL), PCS Type Certification Review Board (PTCRB), Global Certification Forum (GCF), Bluetooth Qualification Test Facility (BQTF), Bluetooth Qualification Expert (BQE), Federal Communications Commission (FCC), Industry Canada (IC), Car Connectivity Consortium (CCC) and Wireless Power Consortium for Qi certification (Qi), *Agence Nationale de Telocommunications du Brésil* (ANATEL), *Institut National de Métrologie, Qualité et Technologies* (INMETRO).

Each of the Group's businesses has set up an organization dedicated to managing and monitoring these authorizations on a centralized basis and the authorizations are subject to regular audits by the authorities concerned. Obtaining, renewing and maintaining these authorizations must be justified by qualitative and quantitative criteria concerning the independence, impartiality and professional capabilities of the beneficiaries, such as proof of experience in the field concerned over a certain length of time, the existence of trained and qualified technical personnel, and an internal quality control system conforming to applicable standards, such as the EN 4005 standard for inspection companies.

## 1.8 Material contracts

In light of the nature of its business, as of the date of this Registration document the Company has not entered into material contracts other than those entered into in the ordinary

course of business, with the exception of the loans described in the Sources of Financing section in Chapter 4 – Management report of this Registration document.

## 1.9 Research and development, innovation, patents and licenses

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As part of its research and innovation strategy, the Group carries out experimental development activities on strategic projects that aim to bolster its positioning or enable it to capture new markets.

The Group's R&D strategy is rolled down through:

- a research partnership with the French Alternative Energies and Atomic Energy Commission (CEA), with which a dozen or so projects are currently in progress on issues as varied as semantic analysis, blockchains and the Internet of Things;
- the publication of a white paper on embedded software. After 18 months of R&D, Bureau Veritas published a guide to evaluating the reliability of embedded software. The guide is based on the latest code analysis technologies;
- its involvement in the work of the European Cyber Security Organisation (ECISO) within the context of an EU-driven public-private partnership to define the technological roadmap for the cyber security sector;
- its partnership with industrial joint research centers like IRT Jules Verne and with academic laboratories such as that of École centrale de Nantes for developing digital solutions for innovative hydrodynamic studies;

- its involvement in subsidized joint projects, notably those financed by the Single Interministerial Fund;
- its participation in the IEC System for Certification of Standards Relating to Equipment for Use in Renewable Energy Applications;
- discussions with clients to develop projects of mutual interest and meetings with start-ups and innovative new businesses;
- the shift of its businesses and solutions to digital media, with the development of future inspectors and inspection services.

The Group is eligible for the research tax credit in France within the framework of its business activities. This tax credit is similar to a subsidy in that it is refundable even if it exceeds the amount of tax payable. Accordingly, it is included in current operating profit.

A €2.8 million research tax credit was recognized as a subsidy in the 2016 consolidated financial statements.

A total of €11.1 million in research and development costs relating mainly to the Marine & Offshore business was recognized under expenses in 2016.

## 1.10 Information and management systems

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The Group's IT department is responsible for:

- determining the Group's technological architecture by defining the standards for software application development and network infrastructure applicable to all businesses and regions;
- selecting, adapting, deploying and maintaining integrated corporate applications used in all operating units (email, collaboration tools, ERP finance, client relationship management, human resources and production systems);
- guaranteeing the availability and security of all applications used by the Group; and
- managing the Group's overall relationship with its main suppliers of equipment, software and telecommunications services.

Management is organized around four continental hubs (Regional Shared Services Centers): in Nantes (France) for the Europe-Middle East-Africa region and corporate applications; in Hong Kong for the Asia region; in Melbourne for the Pacific region; and in Buffalo, New York, for the Americas region. These shared services centers manage the infrastructure for the global network and provide different support services (help desks, hosting) to their respective continents.

A Global Shared Services Center has also been set up in India (Noida) with the aim of pooling certain cross-functional processes.

In 2016, the total expenses for the Group's information systems (excluding capital expenditure) represented 3% of the Group's consolidated revenue.

## 1.11 Risk factors

Investors are advised to carefully read the risks described in this chapter, as well as the other information contained in this Registration document. As of the date on which this Registration document was filed, the risks presented below are the main risks which the Group believes could have a significant adverse effect

on the Group, its business, its financial position, its results or its outlook should they materialize. The occurrence of one or more of these risks could result in a decrease in the value of the Company's shares, and investors could lose all or part of their investment.

### 1.11.1 Risks relating to the Group's operations and activities

#### Risks related to the macroeconomic environment

##### Description

The Group is present in almost 140 countries through a network of approximately 1,400 offices and laboratories. Through its eight global businesses (Marine & Offshore; Industry; In-Service Inspection & Verification; Construction; Certification; Commodities; Consumer Products; Government Services & International Trade), the Group offers its clients services in numerous sectors of the economy. While the Group's business is diversified and fairly resilient to different economic cycles, it is sensitive to changes in the overall macroeconomic environment. Demand for the Group's services, the price of those services and the margin they represent, are directly related to the level of its clients' business activity, which can itself be affected by macroeconomic trends.

Developments in certain sectors of the world economy may also have a significant impact on some of the Group's businesses. In particular, developments in international trade could impact the Marine & Offshore, Government Services & International Trade, Industry and Commodities businesses; investments in the oil and gas and mining sectors could particularly impact the Industry and Commodities businesses; household consumption could impact the Consumer Products business, and new building construction in industrialized and fast-developing countries could impact the Construction business.

In light of the Group's broad geographic presence, particularly in emerging countries, its business may be sensitive to inflation trends, recession and financial market volatility in these countries.

By impacting commercial flows between countries and reducing the technical obstacles to trade, free trade agreements could have an adverse impact on demand for tests, inspections and certification.

Macroeconomic trends and an economic slowdown are currently affecting several of the Group's markets and this could have a significant adverse impact on its business, financial position, earnings or outlook.

##### Risk management

The relevant indicators for measuring global trade volumes, investments and consumption are monitored by regional heads and heads of the operating businesses. These data are reviewed by management at the time of the tri-annual operating reviews, in order to anticipate changes and adjust the Group's service offering and resources accordingly.

As part of its 2020 strategy, the Group has launched a series of growth initiatives aimed at diversifying its exposure to different economic sectors. This will help rebalance the Group's business portfolio and make it more resilient.

#### Geopolitical risks

##### Description

Given the variety and number of regions in which the Group operates, its businesses may be affected by political change or instability (elections, referendums, etc.), terrorist attacks, riots and war. These risks could have an adverse impact on the viability or continuity of the Group's businesses in one or more countries.

##### Risk management

The Group endeavors to diversify the geographic footprint of its businesses in order to reduce its exposure to the risks described above. By engaging in ongoing diplomatic and commercial efforts, the Group is better able to anticipate crises and, with the help of its internal and external counsel, looks to make sure that its contracts and agreements are secure.

A crisis management procedure also enables all stakeholders to quickly respond to a crisis and limit any potential consequences. A Crisis Alert Committee has been set up for this purpose. It provides any manager facing a crisis situation with immediate assistance in organizing an appropriate response.

The Group cannot however ensure that it will be able to develop and apply procedures, policies and practices allowing it to anticipate or control these risks or manage them effectively. In this case, its business, financial position, earnings or growth prospects may be adversely affected.

## Risks related to the Group's competitive environment

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### Description

The markets in which the Group is present are subject to intense competition which could increase in the future.

The Group's main competitors operate at national or global level on one or more of the Group's markets and may, given their scale, possess more financial, commercial, technical or Human Resources than the Group. These competitors may in the future adopt aggressive pricing policies, diversify their service offering or develop increased synergies within their range of services. They may develop long-term strategic or contractual relationships with current or potential clients in markets where the Group is present or seeking to develop its business, or even acquire companies or assets representing potential targets for the Group. As a result, Bureau Veritas could lose market share and its profitability could be affected if it were unable to offer prices, services or quality of service at least comparable to those offered by its competitors, or if it were unable to take advantage of new commercial opportunities. A sharp increase in competition on the Group's markets could therefore result in decreased revenue, a loss of market share and/or a decline in profitability, and could thus have a significant adverse effect on the Group's business, financial position, earnings or outlook.

In addition, on some Group markets which are currently fragmented, particularly Industry, In-Service Inspection & Verification, Certification and Construction, there is a trend towards industry consolidation giving rise to major international groups. Over time, if the Group were unable to take part in the market consolidation, its ability to meet its objectives may be affected. In such a case, this increase in consolidation or competition (e.g., leading to price pressure and greater competition in open bidding) could impact the Group's business and hence its ability to maintain and increase its market share.

### Risk management

Part of the central Corporate Development team is in charge of innovation and strategy in close collaboration with the operating units and with the aim of strengthening the Group's competitive edge. This team also carries out a periodic review of the businesses and strategies of the Group's major competitors in the TIC industry so that these are factored into their strategic approach.

Bureau Veritas has rolled out a large number of organic growth initiatives in order to develop its business in the most attractive market segments. Updates are given regularly on these initiatives, mainly du tri-annual operating reviews.

## Risks related to technological change

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### Description

The Group conducts its business on markets which are experiencing profound changes in the value chain linked to mass use of digital technologies (cloud computing, social media, drones, captors, robots, collaborative economy, etc.).

While offering opportunities for growth in certain cases, digital media are likely to result in new conditions for the Group's businesses that may reduce the scope of its activities, for example by reducing the need for inspectors' on-the-ground presence, or slow the growth of the Group's business in general. Digital media may also make some of the Group's activities obsolete, since technology is gradually replacing certain demand for inspections, tests and certifications performed by third parties such as Bureau Veritas.

In certain markets, Bureau Veritas clients may lose substantial market share to digital players operating with a different business model. This loss in revenue may directly impact the Group's businesses, since demand for the Group's services, the price of those services and the margin they represent are directly linked to its clients' business levels.

More generally, the Group cannot guarantee that rapid and/or important changes in current technologies will not have a significant adverse effect on its business, financial position, earnings or outlook going forward.

### Risk management

The Group actively monitors technological changes through its membership of several innovation networks and involvement in collaborative projects with its clients. It also signs partnerships with organizations offering technological expertise.

The Group's revamped organization has created internal teams focused on digital technologies and able to incorporate them within the Group's services. A Chief Digital Officer role was created in 2015.

## Main risks related to Human Resources

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### Description

Employee expertise, quality and commitment is vital for the success of a service provider like Bureau Veritas. The Group's Human Resources policy is therefore considered as one of the key drivers of its performance.

Certain employees, mostly senior managers, have very broad knowledge of the Group's businesses and sector. The departure of these senior managers therefore poses a risk for the Group. Furthermore, inadequate communication regarding the careers Bureau Veritas offers could affect the Group's appeal among younger generations.

## Risk management

The Group endeavors to provide rewarding career opportunities and roles to its employees. It looks to foster employee loyalty through an attractive system of annual and multi-annual compensation as part of a long-term strategy.

Bureau Veritas has put in place annual reviews (known as Organization and Leadership Development Reviews – OLDR) aimed at preparing succession plans for all of the Group’s senior managers. The annual review process is rolled out within each operating group and used in turn to prepare succession plans for local management. These reviews help the Group draw up succession plans and devise career paths or mobility offers to ensure the continued development of the Group and its employees and ensure that it retains high-performers.

The Group strives to retain key talent in its merger and acquisition transactions through contractual and financial measures.

The Group is also stepping up its presence on social media in order to improve understanding about its businesses among potential future employees. Showcasing the meaning of its businesses in a world where sustainable development, environmental and safety concerns are increasingly important, is the best guarantee of a pertinent, high-quality recruitment policy.

Additional information on Human Resources management is provided in section 2.3 – Human Resources of this Registration document.

## Risks related to health and safety

### Description

Bureau Veritas directly employs more than 69,000 people across the globe and also uses subcontractors. Employees working at either Group or client facilities may be exposed to physical, mechanical, chemical or biological risks. A serious accident or epidemic with potentially devastating human consequences could affect the availability of internal resources or subcontractors, thereby strongly disrupting Bureau Veritas’ local business.

### Risk management

To prevent accidents and ensure the safety of its employees and subcontractors along with the availability of those needed to deliver services for its clients, Bureau Veritas has defined safety and security as an “absolute”.

A detailed description of employee health and safety and the measures put in place is presented in section 2.4 of this Registration document.

## Risks related to the non-renewal, suspension or loss of certain Authorizations

### Description

A significant part of the Group’s business requires it to obtain accreditations, approvals, permits, delegations of authority, official recognition and authorizations more generally (hereafter referred to as “Authorizations”) at local, regional or global level, issued by public authorities or by professional organizations following long and often complex review procedures. Certain Authorizations are granted for limited periods of time and are subject to periodic renewal by the authority concerned. For some of its businesses (in particular Marine & Offshore and Government

Services & International Trade), the Group must be a member of professional organizations in order to be eligible for certain projects.

Although the Group closely monitors the quality of services provided under these Authorizations, as well as the renewal and stability of its Authorizations portfolio, any failure to meet its professional obligations or real or perceived conflicts of interest, could cause the Group to lose one or more of its Authorizations either temporarily or on a permanent basis. A public authority or professional organization which has granted one or more Authorizations to the Group could also unilaterally decide to withdraw such Authorizations.

The non-renewal, suspension or loss of any of these Authorizations, or of its position as member of certain professional organizations, could have a significant adverse effect on the Group’s business, financial position, earnings or outlook.

### Risk management

Bureau Veritas has put in place a specific organization in each of its businesses for managing and monitoring Authorizations.

The management of Authorizations used by several countries has been further improved, particularly in the Commodities, Industry and Facilities division, with better organization and implementation of control tools (qualifications and supervision management, Internal Audit management). Additional information on these Authorizations and their management is provided in section 1.7 – Accreditations, approvals and authorizations and section 3.2.3 – Internal control and risk management procedures of this Registration document.

## Risks related to Group acquisitions

### Description

The Group’s external growth strategy is largely based on the acquisition of local players providing access to new markets and/or creating synergies with the Group’s existing businesses. The Group may not be able to identify appropriate targets, complete the acquisitions on satisfactory terms, particularly as to price, or efficiently integrate the acquired companies or activities and achieve the anticipated benefits in terms of cost and synergies. In addition, the Group may not be able to obtain financing for acquisitions on favorable terms, and it may thus decide to finance the acquisitions with cash which could have been allocated to other purposes in connection with the Group’s existing businesses. In the event of major acquisitions, the Group may be required to rely on external sources of financing, particularly the capital markets.

The Group may also encounter difficulties and/or experience delays in integrating acquired companies, due in particular to the loss of clients, possible incompatibilities between systems and procedures (particularly accounting and control systems) or corporate policies and cultures, the loss of personnel and particularly senior management, and the assumption of liabilities or costs, especially material litigation not foreseen at the time of the acquisition.

The Group’s competitors, as well as its financial investors and private equity funds in particular, could acquire companies or assets representing potential targets for the Group, or could cause acquisitions sought by the Group to be more difficult or expensive.

If the Group fails to pursue an active and competitive acquisition policy in comparison with other market players, its ability to meet its revenue growth targets and to grow or maintain its market share could be affected, and this could have a significant adverse effect on the Group’s business, financial position, earnings or outlook.

### Risk management

Bureau Veritas and the central Corporate Development team have a specific organization devoted to external growth operations. This team is responsible for overseeing and managing the external growth process through the Mergers and Acquisitions Committee, which meets every two weeks to work with the operating groups and the central functions concerned to validate the acquisition targets. This team is also responsible for direct involvement with the local teams during the negotiation and due diligence stages.

Management rules governing external growth transactions are defined in a specific procedure. This procedure describes the steps involved in evaluating and validating transactions, the requisite documents (content of presentations, points to be covered, financial analyses required) as well as the respective roles and responsibilities of the operating departments and the headquarters' support functions. The different support functions (Legal, Risk and Compliance, Audit and Acquisitions Services, Treasury and Financing, Tax and Consolidation) review and approve projects before the Group makes any commitment. Depending on the amount involved, external growth projects are reviewed by the Strategy Committee which decides whether or not to pursue the projects before they are approved by the Board of Directors, for any planned acquisition valued at more than €10 million.

The Group has also implemented a dedicated organization and internal procedures governing the acquisition integration plan. Additional information is provided in section 3.2.3 – Internal control and risk management procedures of this Registration document.

### Risks related specifically to the Government Services business

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#### Description

The Government Services business, in particular Pre-Shipment Inspection (PSI), Verification of Conformity (VOC) and Single Window (SW) solutions, involves a relatively limited number of programs, contracts and accreditations (the "Contracts") signed with or granted by governments or public authorities. At the date this Registration document was filed, the Group had around 50 Contracts, most of which involved services for countries in Africa, the Middle East and Asia. These Contracts are generally for a period of one to three years (or ten years for the Single Window). As many of them are subject to local administrative law, they may be unilaterally terminated at the discretion of the authority concerned and with short notice. They are also subject to the uncertainties inherent in conducting business in emerging countries, some of which have been or could be subject to political or economic instability, civil war, violent conflict, social unrest or actions of terrorist groups. The suspension, cancellation or non-renewal of even a small number of these Contracts could

have a significant adverse effect on the Group's business, financial position, earnings or outlook.

In addition, in executing the Contracts entered into with governments or public authorities, the Group may face difficulties in collecting amounts receivable, and the collection process could prove long and complex. The non-payment or late or partial payment of substantial sums owed under these Contracts could also have a significant adverse effect on the Group's business, financial position, earnings or outlook.

#### Risk management

The Group endeavors to diversify the geographic footprint of its Government Services business to reduce its exposure to the risks described above and to structure its programs so that services are paid for by the operators and not by the relevant governments.

By engaging in ongoing intensive diplomatic and commercial efforts, the Group is better able to anticipate crises and manage such risks if they were to arise.

It also seeks to secure its contracts with the help of its internal and external counsel and by taking out insurance policies against political risks where appropriate.

### Risks related to international economic sanctions

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#### Description

Certain countries in which the Group may operate could be subject to economic sanctions or embargoes provided for by the laws and regulations of certain governments or international organizations. In particular, the European Union has adopted a number of regulations seeking to limit trade with Syria and Russia. A breach of these regulations could result in significant financial and criminal penalties.

#### Risk management

The Group conducts ongoing regulatory intelligence and has established specific control procedures and awareness-raising programs so that it may conduct its business in compliance with applicable rules and regulations. It also maintains regular contact with the competent authorities.

### Reputational risk

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#### Description

Bureau Veritas' ability to fulfill its responsibilities as a trusted third party relies heavily on its reputation for integrity, independence and competence. However, the Group cannot fully protect itself against the possible risk of a crisis or accident that could damage its reputation, particularly if there is significant media coverage.

## Risk management

Bureau Veritas has implemented a three-pronged approach to reducing its reputational risk.

### Explain the scope of its services

Bureau Veritas is strengthening its business line communications, with the aim of explaining the conditions in which its services are provided and how they can help reduce risks and improve performance. These communications should result in a better understanding of its professional discipline and the limits of its actions and consequently its liability.

### Take a proactive approach to controlling risk factors

The Group regularly identifies the risks to which it is exposed through its activities and the work performed by its employees. It strives to control these risks preventively by implementing appropriate policies and processes, particularly risk maps. This approach covers in particular technical, operational, ethical and reputational risks for all of the Group's businesses.

### Detect and manage crises

A crisis management procedure describes the rules put in place by Bureau Veritas to act effectively in times of potential or known crises. This procedure enables all stakeholders to respond quickly to a crisis in order to limit any consequences. A Crisis Alert Committee has been set up for this purpose. This committee considers the critical nature of the situation for the Group and helps each Group entity facing a crisis situation to devise an appropriate response.

Bureau Veritas has also set up a media and social network intelligence unit which allows it to identify any situations potentially harmful to its image.

## Risk of ethical violations

### Description

Although the Group strives to enforce strict ethical values and principles in conducting its business, the risk of isolated acts in breach of these values and principles by Group personnel, agents or partners cannot be excluded. Such acts may lead potential plaintiffs to claim that Group employees, management or companies are liable. This situation could lead to penalties – particularly financial penalties – and/or affect the Group's reputation and adversely impact its business, financial position, earnings or outlook.

### Risk management

The Group has implemented a compliance program dedicated to ethics. This comprises the Group's Code of Ethics, a manual of internal rules and procedures applicable to all employees, a training course and a dedicated organization under the responsibility of the Group Compliance Officer.

The Group's compliance program is described in detail in the Chairman's report on Internal Control presented in Chapter 3 and in section 2.2.1 – Ethics: an "Absolute" of this Registration document.

## Risk related to the Group's shareholding structure

### Description

The Company's principal shareholder, the Wendel group, holds the majority of the Company's voting rights. As a result, Wendel could have a significant influence on the Group's strategic decisions, and/or cause the adoption or rejection of any resolution submitted for shareholder approval at an Ordinary Shareholders' Meeting, including the appointment of members of the Board of Directors, the approval of annual financial statements and the payment of dividends, or any other decision requiring the approval of the Ordinary Shareholders' Meeting.

In addition, the Wendel group may find itself in a position where its own interests and those of the Group or other shareholders are in conflict.

### Risk management

The Board of Directors of Bureau Veritas ensures that at least one-third of its members are independent. Independent members are selected from persons who are independent and unconnected to the Company within the meaning of the Board of Directors' internal regulations. At December 31, 2016, seven out of thirteen members were considered independent based on the criteria of the AFEP/MEDEF Code.

The independent members of the Board of Directors are presented in section 3.1 – Corporate Officers and members of the Executive Committee of this Registration document.

## Risks related to information systems and data protection

### Description

The Group's activities and processes are increasingly dependent on information systems, which are central to the production of services. In addition, the Group's international scope requires multiple, interconnected information systems able to process increasing volumes of data. Any failure could lead to an inability to ensure continuity of service for the critical information systems that host operating and strategic information, to lost or leaked information, delays, additional costs representing a risk for the Group's strategy, or damage to its reputation.

Bureau Veritas could be the target of viruses or malicious intrusion attempts that could interfere with the Company's operations and the quality of the service provided to its clients. The introduction of new technologies (cloud computing, the proliferation of terminal platforms) and the development of new uses (social media, etc.) expose the Group to new threats.

If these information systems were to fail, and if the databases and the related back-ups were destroyed or damaged for any reason whatsoever, the Group's business could be disrupted.

As part of its business, the Group compiles and processes personal data. Regulations on personal data are becoming increasingly strict, particularly in Europe, where Regulation (EU) 2016/679 is set to enter into force on May 25, 2018. Failure to comply with such regulations could result in criminal and financial penalties for the Group and harm its reputation.

## Risk management

The Group currently has a series of procedures and technologies allowing it to deal with risks identified above; however, it will never be able to guarantee a wholly risk-free environment.

To protect itself against malicious acts, central security systems have been put in place offering protection against software attacks (viruses, spam, etc.), and against attempts to hack into the Group's systems. This security policy is audited every year by a specialized independent company, which simulates intrusion attempts besides its audit work.

In 2017, the Group will continue to upgrade its protection by installing cutting-edge systems enabling it to better protect itself against new types of attack. With regard to data processing security, all of the Group's data centers are covered by a Disaster

Recovery Plan (DRP) that enables them to migrate to an alternative data center within under 24 hours in the event of a major disaster, and with the loss in data not exceeding two hours.

With regard to employee security, all the work of the teams follows detailed, documented procedures that are common to all of the Group's data centers. This enables teams from other centers around the world to carry out the tasks normally assigned to a different center, thus ensuring continuity of service in the event of social or political unrest affecting any of the centers.

Data confidentiality and security, particularly in terms of personal data, is one of the issues taken up in the Group's Compliance Program. This program puts in place the measures needed to enhance the Group's procedures and organization in terms of personal data protection.

## 1.11.2 Legal risks

### Risks related to litigation or pre-litigation proceedings to which the Group is a party

#### Description

In the normal course of business, the Group is involved with respect to some of its activities in a large number of litigation or pre-litigation proceedings seeking to establish its professional liability. Although the Group pays careful attention to controlling risks and to the quality of services provided, some services may give rise to claims and result in adverse financial rulings, particularly in connection with the Construction business in France. Due to the French Spinetta Law of January 4, 1978 which establishes a presumption of joint and several liability for technical inspectors, there is a high and recurring claim rate in France. The Group's other businesses are not subject to a presumption of liability, and the various litigation proceedings to which the Group is party are proportionately fewer than for the Construction business in France with regard to the number of services provided.

Certain disputes involving the Group could give rise to significant claims. They could also result in a criminal liability claim and/or have a significant adverse impact on the Group's reputation and image (see the section on legal, administrative, government and arbitration procedures and investigations in this chapter).

In professional civil liability litigation, there may be a substantial delay between the date the services are provided and the date a claim is filed. To date, rulings handed down against the Group in major cases have generally been for amounts significantly lower than those initially claimed.

We cannot rule out that new claims may be made against Bureau Veritas in the future leading to substantial liability for the Group and this could have a significant adverse effect on the Group's business, financial position, earnings or outlook. A detailed description of major litigation proceedings to which the Group is party is provided in section 1.12 – Legal, administrative, government and arbitration procedures and investigations in this chapter.

#### Risk management

Bureau Veritas has implemented procedures aimed at preventing, monitoring and managing litigation. These procedures are described in section 3.2.3 – Internal control and risk management procedures of this Registration document.

### Risks related to the Group's business insurance coverage

#### Description

The Group seeks to adequately insure itself against all financial consequences of claims asserting professional civil liability. However, there can be no guarantee that all claims made against the Group or all losses incurred are or will be effectively covered by its insurance, or that the policies in place will always be adequate to cover all costs and financial penalties that may result from such proceedings. In the event of claims which are not covered or which significantly exceed the insurance policy coverage, or in the event of a significant repayment claim from insurers, the related costs and rulings could have a significant adverse impact on the Group's business, financial position, earnings or outlook.

The insurance premiums paid by the Group over the last five years have remained fairly stable while the coverage terms have been extended – despite growth in the Group's business. However, the insurance market could evolve in a manner unfavorable to the Group, generating an increase in premiums payable or making it impossible or much more expensive to obtain adequate insurance coverage. These factors could result in a substantial increase in insurance costs, or possibly cause the Group to withdraw from certain markets, which could have a significant adverse impact on the Group's business, financial position, earnings or outlook.

## Risk management

Wherever possible, the Group continues to take out worldwide insurance policies by increasing coverage where appropriate and putting in place operational risk management procedures. A detailed presentation of the Group's insurance policies is provided in section 1.13 – Insurance of this Registration document.

## Risks related to changing regulations

### Description

The Group conducts its business in a heavily regulated environment, with regulations sometimes differing widely from one country to the next.

Changes in regulations applicable to the Group's businesses may be either favorable or unfavorable. Stricter regulations or stricter enforcement of existing regulations, while creating new business opportunities in some cases, may also result in new conditions for the Group's activities that increase its operating costs, limit the scope of its businesses (for example, in connection with real or perceived conflicts of interest) or more generally slow the Group's development.

Certain countries may also choose not to allow private or foreign firms to engage in the local TIC market or may decide to change the rules for exercising business in such a manner that the Group can no longer do business in those countries.

In particular, important changes in regulations or legislation applicable to the Group's businesses in the principal countries where it operates may lead to frequent, or even systematic, claims against the professional liability of employees, the Company or its subsidiaries. The Group could become the object of multiple litigation proceedings and may be required to pay substantial damages and interest, which may not be covered by insurance despite the fact its services were provided in the jurisdiction prior to any regulatory changes. In extreme cases, such changes in the regulatory environment could lead the Group to exit certain markets where it considers the regulation to be overly restrictive.

In general, the Group cannot guarantee that rapid and/or important changes in current regulations will not have a significant adverse effect on its business, financial position, earnings or outlook in the future.

### Risk management

The Group endeavors to monitor all of these regulatory changes through its regulatory intelligence in order to anticipate, monitor and give its input to the competent authorities when new regulations are being drafted.

The Group is also member of national and international associations of the TIC profession, including the International Federation of Inspection Agencies (IFIA), and the International Association of Classification Societies (IACS), which publish ethical and classification standards.

## 1.11.3 Financial and market risks

### Risks related to Group debt, sources of financing and commitments

#### Description

Group debt consists of (i) four private placements of debt securities with US and UK investors (US Private Placements – "USPP") drawn in different currencies, (ii) two Schuldschein-type private placements ("SSD") with investors on the German market, and (iii) four bond issues. Debt also includes a USD bank facility and other bank loans, overdrafts and accrued interest. The Group also has an undrawn syndicated loan. A detailed description of Group debt is provided in section 4.3 – Cash flows and sources of financing, and in Note 24 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

The USPP, SSD, syndicated loan and USD bank facility contain the usual clauses limiting the Group's operational flexibility, and particularly its ability to grant security interests, take out or grant loans, provide guarantees, undertake acquisitions, disposals, mergers or restructuring operations, or make certain investments. They also include bank ratios as well as 1) clauses applicable in the event of a change of control and 2) clauses requiring full or partial repayment should certain events occur:

- 1) if the change of control clause is enforced (in the event a third party, acting alone or in concert, should directly or indirectly hold more than one-third of the voting rights and more voting rights than the current majority shareholder Wendel), lending banks or investors could require early repayment of the entire

amounts owed by the Group and/or force the Group to renegotiate its financing agreements under less favorable terms and conditions.

- 2) the USPP debt includes a make-whole clause that may be exercised in the event of default in addition to the early repayment clause mentioned above. As a result, the Group may be required to repay capital and accrued interest to lenders and compensate them according to a calculation based on a comparison between the fixed rate payable over the remaining term of the debt and the yield curve on treasury bonds over the same period. It should be specified that change of control does not represent a default incident for the USPP debt.

In the event these different restrictions were to apply, this could affect the Group's ability to pursue its external growth policy or to adapt its businesses to competitive pressures, a slowdown in its markets or general economic conditions; or to maintain its borrowing costs stable. The Group may be required to reduce or postpone its investment spending, sell assets, look for additional funding or restructure its debt.

The Group has always complied with the covenants and fulfilled its obligations under these agreements. However, the Group's future ability to comply with the contractual covenants and obligations contained in certain loans or agreements, or to refinance or repay its loans according to the conditions agreed, will depend in particular on its future operating performance and could be affected by numerous factors beyond its control, such as economic conditions, market conditions for debt and regulatory changes.

# 1 Presentation of the Group

## Risk factors

### Risk management

A detailed description of Group debt is provided in section 4.3 – Cash flows and sources of financing, and in Note 24 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

A detailed description of liquidity risk management is provided in Notes 5 and 24 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

### Interest rate risk

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#### Description

The Group's interest rate risk arises primarily from assets and liabilities bearing interest at floating rates. The Group seeks to limit its exposure to a rise in interest rates through the use of derivative financial instruments where appropriate. At December 31, 2016, 18% of the Group's gross debt was at floating rates.

#### Risk management

A detailed description of interest rate risk management is provided in Notes 5 and 24 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

### Liquidity risk

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#### Description

The Group may have to meet payment commitments related to the ordinary course of its business and its financing. The Group seeks to ensure that it has confirmed, undrawn credit lines at all times in order to service its debt.

#### Risk management

A detailed description of liquidity risk management is provided in Notes 5 and 24 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

### Currency risk

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#### Description

Due to the international scope of its operations, the Group is exposed to fluctuations in exchange rates (in particular the euro against the US dollar, Canadian dollar, Hong Kong dollar, Chinese yuan, Brazilian real and Australian dollar) and to currency devaluations.

#### Risk management

A detailed description of currency risk management is provided in Notes 5, 24 and 34 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

### Counterparty and credit risk

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#### Description

Financial instruments that may expose the Group to counterparty risk are mainly trade receivables, cash and cash equivalents and derivatives.

#### Risk management

A detailed description of counterparty risk management is provided in Notes 5 and 20 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

### Risks related to sensitivity of net profit and equity

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#### Description

A significant proportion of the Company's assets correspond to intangible assets and goodwill resulting from business combinations. The value of these items essentially depends on the future operating profit of the companies acquired and the discount rates used, which are themselves based on the current and future economic and financial environment.

Changes in the assumptions underpinning their valuation can lead the Group to write down some of its assets, thereby reducing the Group's attributable net profit and equity.

Under existing IFRS standards, these write-downs cannot be reversed. However, cash flow for the period would not be affected.

#### Risk management

The Group tests goodwill for impairment every six months. The methodology used is described in Note 3 to the consolidated financial statements in section 5.1 of this Registration document.

### Risks related to taxation

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#### Description

Group companies are subject to audits by the tax authorities of the countries in which they operate, which has resulted in proposed adjustments in several countries. The Group is in discussions with the competent authorities. Given the current status of cases pending and based on the information available to date, the Company believes that these audits and adjustments have been adequately provisioned in its consolidated financial statements, although the Group cannot comment on the outcome of these proceedings.

#### Risk management

The Group's positions are defended by external counsel, whose responsibilities are coordinated by the Group's Tax department.

## 1.12 Legal, administrative, government and arbitration procedures and investigations

*In the normal course of business, the Group is involved with respect to its activities in a large number of legal proceedings seeking to establish its professional liability. Although the Group pays careful attention to managing risks and the quality of the services it provides, some services may result in adverse financial penalties.*

*Provisions may be set aside to cover expenses resulting from such proceedings. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The costs which the Group ultimately incurs may exceed the amounts set aside to such provisions due to a variety of factors such as the uncertain nature of the outcome of the disputes.*

*At the date of this Registration document, the Group is involved in the main proceedings described below.*

### Dispute concerning the construction of a hotel and commercial complex in Turkey

Bureau Veritas Gozetim Hizmetleri Ltd Sirketi ("BVG") and the Turkish company Aymet are parties to a dispute before the Commercial Court of Ankara relating to the construction of a hotel and business complex in respect of which the parties entered into a contract in 2003. In 2004, construction on the project was halted following the withdrawal of funding for the project by the Aareal Bank. Aymet filed an action against BVG in 2008, claiming damages for alleged failures in the performance of its project inspection and supervision duties and BVG's responsibility in the withdrawal of the project's financing.

Regarding procedural issues, the experts appointed by the judge filed two reports in 2009 that were unfavorable to BVG. In 2014, a new panel of experts filed two further reports which were even more unfavorable to BVG. These various expert reports all rely on a report prepared in February 2009 by Standard Ünlü at the request of Aymet, which made assumptions that were unrealistic but supportive of Aymet for the calculation of the possible damages relating to loss of operation of the hotel and shopping complex. The Company considers that these expert reports did not take into account the evidence provided by BVG and Aareal Bank and did not address the legal and contractual issues that might establish any liability on BVG's part.

Regarding the merits of the case, the documents presented to the court by BVG and Aareal Bank, which provided a loan for the

project and which was also summoned to the proceedings by Aymet, along with legal opinions provided by several distinguished professors of Turkish law, support the Company's position according to which Aymet's claims are without firm legal or contractual foundation.

Under local law, Aymet's claim is now capped at 87.4 million Turkish lira (less than €30 million), plus interest charged at the statutory rate and court costs. BVG challenges both the principle of the initial claim and the assessment of the damage.

The court appointed a new team of experts in late 2015 to examine all aspects of the case. Their report, filed on December 16, 2015, considers that BVG fulfilled its contractual obligations and that Aymet's claims are unfounded. Accordingly, the experts state that Aymet should reimburse BVG for the residual amount owed for its services. The parties have since submitted their observations regarding the report and are awaiting the court's decision.

At the current stage of proceedings, the outcome of this dispute is uncertain. Based on the available insurance coverage, the provisions booked by the Group and the information currently available, and after considering the opinions of its legal counsel, the Company considers that this claim will not have a material adverse impact on the Group's consolidated financial statements.

# 1

## Presentation of the Group

Legal, administrative, government and arbitration procedures and investigations

### Dispute concerning the Gabon Express airplane crash

Following the crash of an airplane of Gabon Express at Libreville on June 8, 2004 causing the death of 19 passengers and crew members and injuries to 11 persons, the General Director of the subsidiary Bureau Veritas Gabon SAU ("BV Gabon") at that time was sued for involuntary homicide and injury. BV Gabon has been sued for civil liability in Gabon.

At the date of this Registration document, no quantified claim has been made in a court of law and the assignment of liability is not yet known. The main proceedings have not yet begun, due to procedural difficulties. The application for withdrawal of the judgment of June 18, 2013 filed by BV Gabon in September 2013 was dismissed in February 2015 by a decision of the Court of

Cassation in Libreville. Accordingly, the evidence should in the coming months be referred back to the Criminal Court to set a hearing on the merits. BV Gabon had summonses delivered directly to the foreign brokers who had illegally invested the policy covering the aircraft in order to include them as party in the proceedings.

Based on the available insurance coverage and on the information currently available, and after considering the opinion of its legal counsel, the Company considers that this claim will not have a material adverse impact on the Group's consolidated financial statements.

### Tax disputes

Bureau Veritas SA received a tax adjustment proposal from the French tax authorities for fiscal years 2010 to 2014. Within the scope of the adversarial proceedings, the Company presented the arguments allowing it to defend its position. Following the tax

authorities' approval, the Company is exposed to a residual risk only in respect of this dispute, as indicated in section 1.11.3 of this Registration document on tax risks.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which the Company is aware that are pending or with which the Group is threatened) that could have, or have had over the last 12 months, a material impact on the Group's financial position or profitability. A detailed description of the provisions for claims and disputes booked by the Group is provided in Note 27 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

## 1.13 Insurance

In 2016, the Group continued:

- its policy of centralizing insurance programs, in order to achieve an appropriate match between the risks transferred and the cover purchased, thereby maximizing economies of scale while taking into account the specific characteristics of the Group's businesses and contractual or legal constraints;
- its optimization of cover limits and procedures for obtaining insurance or reinsurance with appropriate deductibles.

To this end, the Group has taken out various global and centralized insurance policies placed via specialized insurance brokers with leading insurers such as Allianz Global Corporate & Specialty (AGCS), MSIG Insurance Europe AG, AIG, Zurich, RSA, XL Insurance Company, and Chubb. All insurers selected by the Group have a minimum S&P rating of A-.

The main centralized programs are as follows:

- the Civil Liability policy, which covers professional civil liability for all the Group's activities, with the exception of Construction in France and Aeronautics (these are covered by specific insurance programs). This Civil Liability policy is complementary to the Civil Liability policies taken out in the countries in which Bureau Veritas operates, but with different limits and/or conditions. As in the past, this policy involves the traditional insurance and reinsurance market as well as the Group's captive reinsurance company;
- the "Directors and Officers" (D&O) policy, which covers Corporate Officer liability;
- the Aviation policy, which mainly covers aircraft inspection activities leading to certificates of airworthiness;
- the international Property Damage and Business Interruption policy, which has been rolled out on a country-by-country basis since 2014. At the time of renewing its Property Damage policy at January 1, 2016, the Group revised its insurance strategy and changed its insurer. This policy covers the offices and laboratories rented, owned or otherwise made available to the Group and its subsidiaries.

Other risks must be managed locally. Insurance policies such as for vehicle fleets or "worker's compensation" are taken out on a national basis in compliance with local practices and regulations and to provide cover for the relevant risks. The Construction business in France is insured locally, for example, due to the specific characteristics of technical inspections and the ten-year mandatory construction guarantee (see section 1.6.4 – Construction in this chapter). In addition, Civil Liability policies have been taken out for the Construction business in Spain and Germany.

In the event of a claim, Group companies pay the deductible agreed under the terms of these various insurance policies.

The Group's self-insurance system is centered on its reinsurance subsidiary. This captive company has enabled the Group to better manage risks and disputes and to optimize the insurance premiums it pays. The reinsurer provides first-line coverage for the Civil Liability policy for all of the Group's businesses, where this is permitted by applicable legislation and regulations. The maximum annual amount payable by the reinsurance captive for the Civil Liability policy was €9 million for 2016, with a limit of €3 million per claim. These amounts apply worldwide except for the United States, where there is an annual per-claim limit of USD 10 million for Errors & Omissions cover and of USD 2 million for General Liability cover.

The Group believes that the coverage and limits of these central and local policies are broadly similar or even more extensive than those subscribed by global companies of the same scale operating in the same sector.

The Group intends to continue its policy of taking out global insurance policies where possible, increasing coverage where necessary and reducing costs through self-insurance policies as appropriate. It will ensure that its main accidental or operational risks are transferred to the insurance market where such a market exists, and that such transfer can be justified financially.

The insurance program described above will be adjusted in accordance with ongoing risk assessments, market conditions and available insurance capacity.

# 1

## Presentation of the Group

# 2

## Corporate social responsibility

RFA

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Components of the Annual Financial Report are identified in this table of contents with the sign **RFA**

Corporate Social Responsibility (CSR) is at the heart of Bureau Veritas' activities and underpins the value of its brand.

The Group provides services that have a positive impact on quality, health and safety, environmental preservation and social responsibility. In helping its clients, partners and suppliers to live and work in a safer, more responsible environment, Bureau Veritas actively contributes to the design and use of safer, better quality, longer lasting and environmentally-friendly products, equipment and services.

The Bureau Veritas brand brings added trust, a key component of economic success.

The development of CSR initiatives within the Group is an important aspect of its development strategy and one of the drivers of its operating efficiency model.

## 2.1 Vision

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### 2.1.1 CSR at the heart of our business

Bureau Veritas helps to lessen negative external factors for both small and large companies and organizations by delivering services aimed at preventing risk; reducing environmental impact; safeguarding assets, products and infrastructure; promoting responsible purchasing; and ensuring traceability and supply chain oversight.

Beyond the immediate issue of regulatory compliance, Bureau Veritas helps its clients to increase the availability of their assets by extending their useful lives, improving maintenance activities and introducing new control procedures.

The Group also continues to develop its range of services directly related to CSR and sustainable development, in order to reinforce the positive impact of its business activities on society.

It uses its expertise to foster sustainable, inclusive, transparent growth, helping to maintain trust in a fast-changing environment.

#### Maintaining trust in a fast-changing environment

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Bureau Veritas has identified long-term structural trends that drive its strategic approach. Growth in the world's population, increasing scarcity of resources, climate change, global brand protection, and shorter product lifecycles are driving the Group to anticipate clients' future needs by designing ever more effective, responsible and safer services.

This new, more open and digital global economy is prompting companies and organizations to completely rethink their relationship with their clients and suppliers. Bureau Veritas sees these changes as opportunities.

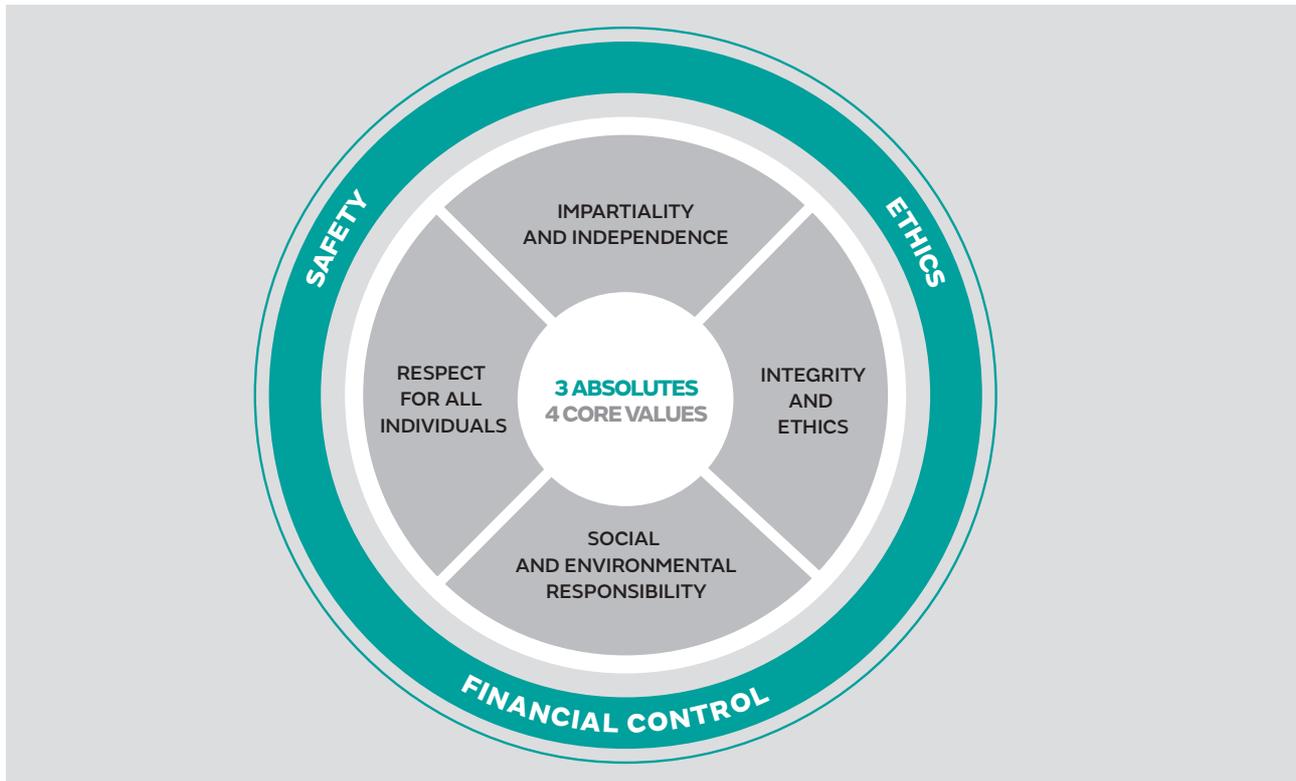
#### A CSR strategy which supports and contributes to the Group's economic performance

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Bureau Veritas' strategic roadmap through to 2020, as set out in Chapter 1 of the Registration document, is based on four levers. Human Resources encompassing CSR is one of those levers.

## CSR at the heart of our core values and “absolutes”

The expertise and know-how of Bureau Veritas teams, along with the core values that are shared by all staff and underpin the Group’s corporate culture, reinforced by three “absolutes” rooted in Group practices, are decisive in helping to protect the brand’s image and the Group’s reputation, as well as in driving value creation over the long term.



### 2.1.2 CSR oversight

The Group’s CSR organization was enhanced in 2015 when the strategic roadmap for 2020 was defined: the management and coordination of all initiatives led by the Group were improved, while respecting the active collaboration of all internal stakeholders concerned.

In April 2015, the Board of Directors entrusted the Appointments and Compensation Committee with monitoring the Group’s CSR strategy.

At the executive level, the Group’s Executive Committee handles CSR issues. Under the responsibility of the Group Human Resources Director, the Executive Committee defines the Group’s CSR vision and strategy, approves and publishes its CSR policy, procedures and key CSR indicators, and reports to the Board of Directors.

A dedicated organization has been set up at the level of the corporate support departments, led by a CSR Steering Committee. This committee, which reports to the Group Human

Resources Director, comprises representatives of the relevant corporate departments responsible for their own area of expertise and reporting. These departments manage their network of internal correspondents within the operating groups.

For example:

- governance issues relating to ethical conduct are monitored by the Legal, Risk & Compliance department;
- issues relating to recruitment, inclusiveness and labor relations fall under the responsibility of the HR department;
- issues relating to safety and the environment are managed by the Quality, Health and Safety department;
- issues relating to purchasing are managed by the Purchasing department;
- issues relating to corporate social responsibility are managed by the Communications department.

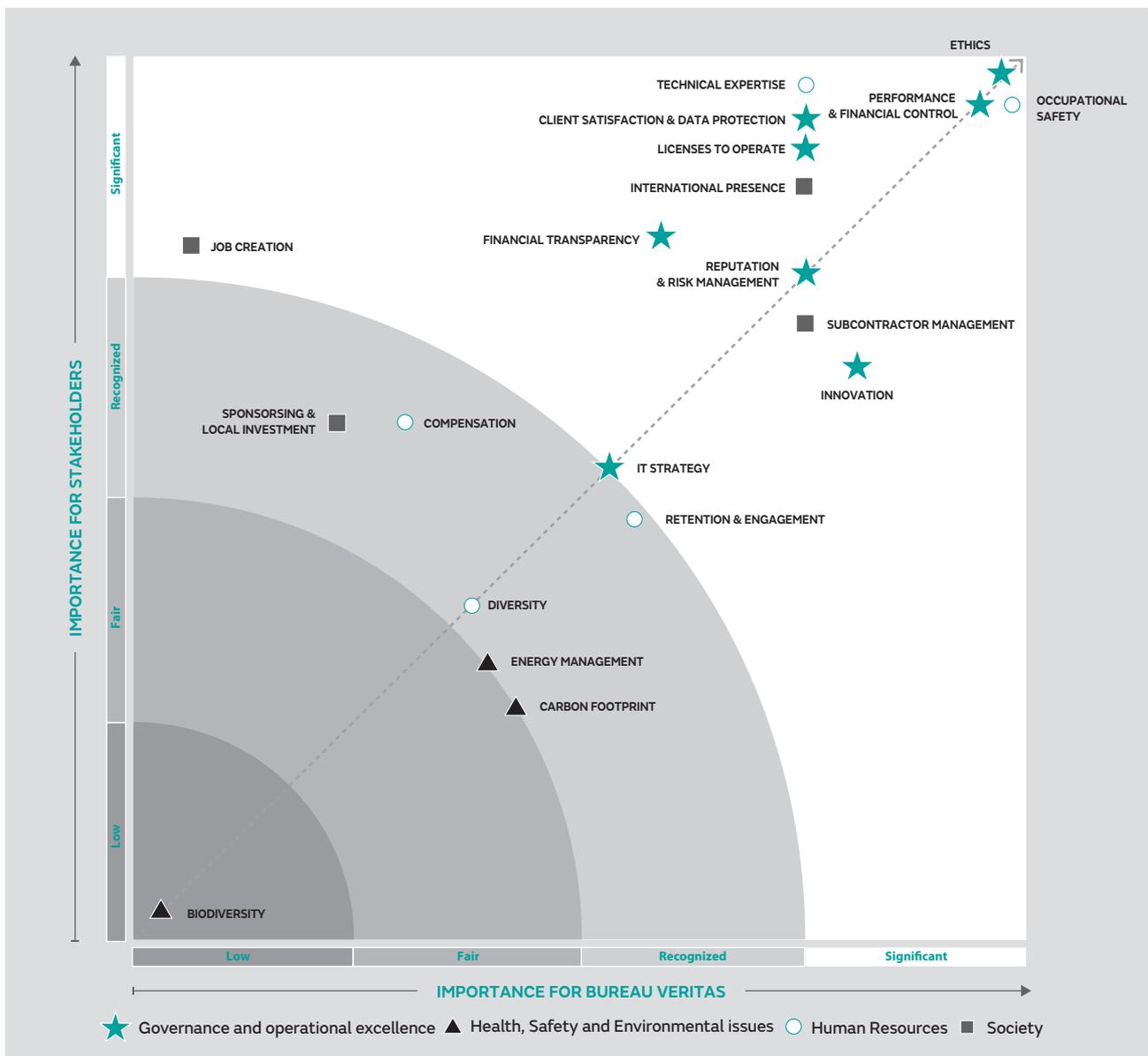
### 2.1.3 Key issues – materiality matrix

In order to better define its priorities and adapt its resources and investments in an appropriate manner, Bureau Veritas developed a materiality matrix in 2014 covering all of its businesses, assisted by working groups with internal experts from the relevant support departments. In 2015, this initiative was rounded out by a series of workshops organized with a sample of external stakeholders located in France and the United States.

Key issues were identified in a three-step process:

- an inventory of cross-cutting issues was drawn up concerning all companies, the Group’s industry and, in particular, Bureau Veritas itself;
- major issues were identified;
- these issues were then ranked according to their relative importance (materiality) on a scale of one (low materiality) to four (significant materiality) and across two dimensions: “importance for Bureau Veritas” and “importance for stakeholders”.

20 challenges were then identified by the Group and organized into four themes (Governance and operational excellence, Health, Safety and Environmental issues, Human Resources and Society) illustrated in the diagram below:



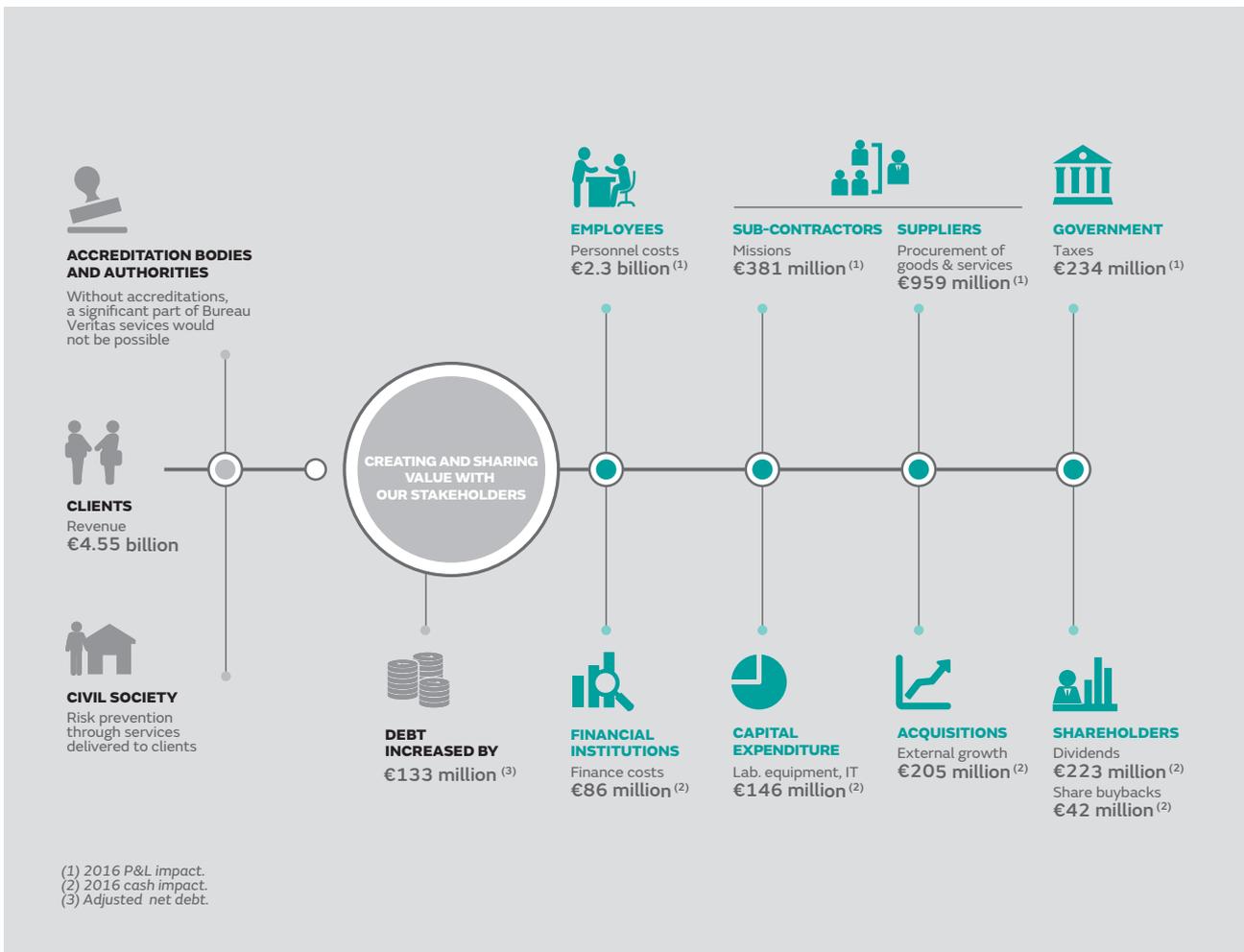
## 2.1.4 Stakeholders

The Group's key stakeholders include:

- employees: direct internal stakeholders;
- clients, suppliers, subcontractors and accreditation bodies: direct external stakeholders;
- civil society at large: indirect external stakeholders, since Bureau Veritas provides services that have a positive impact on quality, health and safety, environmental protection and social responsibility.

The economic performance shared with Bureau Veritas' stakeholders and the manner in which the Group interacts with them are set out in the following table.

### Economic performance shared with stakeholders



## Dialogue with stakeholders

STAKEHOLDERS	BUREAU VERITAS CONTACTS	KEY CONCERNS	PRINCIPAL MEANS OF DIALOGUE
<b>CLIENTS</b> 	<ul style="list-style-type: none"> <li>→ Executive management</li> <li>→ Account managers</li> <li>→ Business line heads</li> <li>→ Business unit managers</li> <li>→ Quality management</li> </ul>	<ul style="list-style-type: none"> <li>→ Service quality</li> <li>→ Safety</li> <li>→ Technical expertise</li> </ul>	<ul style="list-style-type: none"> <li>→ Client satisfaction surveys; sales and technical meetings to anticipate long-term trends and ensure that the organization responds to client needs; internet portal; client seminars; breakfast briefings on technical issues</li> </ul>
<b>STAFF</b> 	<ul style="list-style-type: none"> <li>→ Executive management</li> <li>→ HR department</li> <li>→ Employee representatives</li> </ul>	<ul style="list-style-type: none"> <li>→ Training/mobility/employability</li> <li>→ Safety at work</li> <li>→ Inclusiveness</li> <li>→ Fair pay</li> <li>→ Discrimination</li> </ul>	<ul style="list-style-type: none"> <li>→ Annual evaluation</li> <li>→ Internal communication campaigns</li> <li>→ Intranet</li> <li>→ "BV flash" newsletters</li> </ul>
<b>ACCREDITATION BODIES AND AUTHORITIES</b> 	<ul style="list-style-type: none"> <li>→ Business line heads</li> <li>→ Experts, technical advisors</li> <li>→ Technical departments</li> </ul>	<ul style="list-style-type: none"> <li>→ Compliance with standards set out in authorizations issued</li> <li>→ Transparency and trust</li> <li>→ Standard-setting expertise</li> </ul>	<ul style="list-style-type: none"> <li>→ Technical committees and working groups to define new standards and regulations</li> <li>→ Accreditation audits</li> <li>→ Responses to public consultations</li> </ul>
<b>SUPPLIERS AND SUBCONTRACTORS</b> 	<ul style="list-style-type: none"> <li>→ Purchasing department</li> <li>→ Business line managers</li> <li>→ HR department</li> <li>→ QHSE department</li> <li>→ Legal , Risk and Compliance department</li> </ul>	<ul style="list-style-type: none"> <li>→ Long-term business relations</li> <li>→ Fair treatment</li> <li>→ Performance assessment</li> <li>→ Working in a safe environment</li> </ul>	<ul style="list-style-type: none"> <li>→ Responses to CSR questionnaire</li> <li>→ Calls for tender with Group CSR compliance clauses</li> <li>→ General terms and conditions of purchase</li> <li>→ Standard contracts</li> <li>→ Training</li> <li>→ Meetings discussing the process for classifying suppliers and subcontractors</li> <li>→ Monitoring implementation of contracts and framework agreements</li> </ul>
<b>CIVIL SOCIETY</b> 	<ul style="list-style-type: none"> <li>→ Local management</li> <li>→ Head of external local communication</li> </ul>	<ul style="list-style-type: none"> <li>→ Prevention of social and environmental risks</li> <li>→ Safety</li> </ul>	<ul style="list-style-type: none"> <li>→ Events, communication activities</li> <li>→ Training activities</li> <li>→ Tradefairs and exhibitions</li> </ul>
<b>HIGHER EDUCATION</b> 	<ul style="list-style-type: none"> <li>→ HR department</li> </ul>	<ul style="list-style-type: none"> <li>→ Sharing skills and expertise with students</li> <li>→ Career planning assistance</li> </ul>	<ul style="list-style-type: none"> <li>→ Student campuses</li> <li>→ Partnerships with certain schools</li> <li>→ Work placement programs</li> </ul>
<b>GOVERNMENT PUBLIC AUTHORITIES</b> 	<ul style="list-style-type: none"> <li>→ Executive management</li> <li>→ Technical departments</li> </ul>	<ul style="list-style-type: none"> <li>→ Economic development</li> <li>→ Job creation</li> <li>→ Respect for the environment and safety</li> </ul>	<ul style="list-style-type: none"> <li>→ Relations with governmental authorities</li> <li>→ European Commission</li> </ul>
<b>SHAREHOLDERS</b> 	<ul style="list-style-type: none"> <li>→ Executive management</li> <li>→ Finance division</li> <li>→ Investor Relations department</li> </ul>	<ul style="list-style-type: none"> <li>→ Transparency and ethics</li> <li>→ Financial and ESG performance</li> <li>→ Strength and growth</li> </ul>	<ul style="list-style-type: none"> <li>→ Shareholders' Meetings</li> <li>→ Roadshows</li> <li>→ External website</li> <li>→ Letter to shareholders</li> <li>→ Conferences, meetings</li> <li>→ Registration document</li> </ul>
<b>FINANCIAL INSTITUTIONS ESG ANALYSTS AND RATING AGENCIES</b> 	<ul style="list-style-type: none"> <li>→ Executive management</li> <li>→ Finance division</li> <li>→ Treasury and Financing department</li> <li>→ Investor Relations department</li> </ul>	<ul style="list-style-type: none"> <li>→ Transparency and ethics</li> <li>→ Financial and ESG performance</li> <li>→ Strength and growth</li> </ul>	<ul style="list-style-type: none"> <li>→ Registration document</li> <li>→ External website</li> <li>→ Roadshows, conferences, meetings</li> <li>→ Responses to ESG questionnaire</li> </ul>

## 2.2 Governance and operational excellence

### 2.2.1 Ethics: an “absolute”

#### Group Code of Ethics

The Bureau Veritas Code of Ethics sets forth the ethical values, principles, and rules for the Group’s long-term development and sustainable growth, to be used as a basis to build relationships of trust with its clients, employees, and business partners.

The Code of Ethics applies to all Group employees and complies with the requirements of the International Federation of Inspection Agencies (IFIA). It is regularly updated to reflect changes in the Group and in its regulatory environment.

It has four core principles:

- (i) the Code of Ethics must be applied rigorously;
- (ii) our conduct must always be governed by the principles of transparency, honesty, and fairness;
- (iii) we are committed to fully complying with the laws and regulations of the countries in which we operate;
- (iv) we are committed to fighting bribery and corruption.

Respect for these values and ethical principles has become a key competitive advantage for the Group and a source of pride for all employees, who must all ensure that their day-to-day decisions are taken in compliance with the Code of Ethics. Therefore,

disciplinary measures, including dismissal, may be taken against any Bureau Veritas employee who fails to comply with the principles and rules set out in the Code of Ethics.

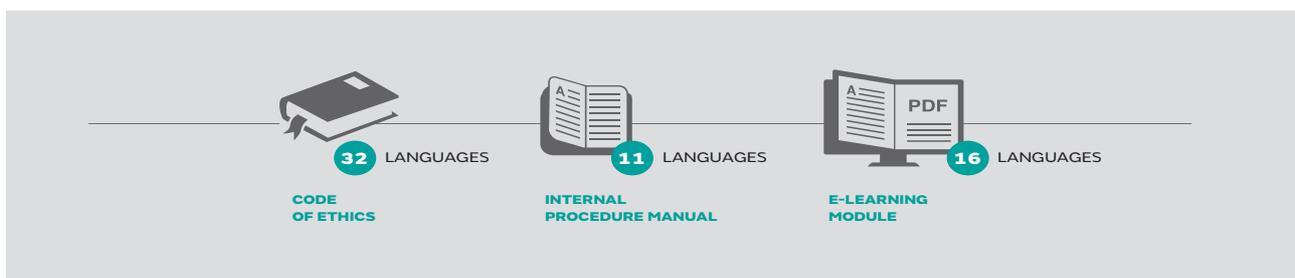
The Group’s business partners such as intermediaries, subcontractors, joint-venture partners and key suppliers are also required to take note of and commit in writing to act in compliance with the Code of Ethics when dealing with Bureau Veritas.

#### Group Compliance Program

##### Worldwide implementation

The Group’s compliance program includes the Code of Ethics, internal implementation procedures, a mandatory e-learning module for all employees, and regular internal and external audits. In order to promote consistent, worldwide implementation of the compliance program, these documents are available in many different languages.

In 2016, the Group compliance program e-learning module was transferred to the Groupwide platform, "MyLearning", to enhance and facilitate its worldwide roll out.



The compliance program is rolled out by a dedicated network of Human Resources managers around the world. A quarterly reporting system has been set up to monitor the number of employees trained and to take the necessary steps to ensure that the training rate is close to 100%. At September 30, 2016, 99.6% of Group employees had been trained in the compliance program. The reporting system should be improved further in 2017 thanks to the functionalities of the MyLearning platform mentioned above.

#### Regularly reinforced procedures

The fourth version of the Code of Ethics is available on the Bureau Veritas website at <http://www.bureauveritas.com>.

Through dedicated internal rules and procedures, the Group monitors notably the selection of its commercial partners and the

integrity of their actions (intermediaries, joint-venture partners, subcontractors, main suppliers), prohibiting certain transactions, such as facilitation payments and illegal fees, and restricting others, such as contributions to political parties, donations to charitable organizations, sponsorships and gifts.

In carrying out its business, the Group rolls out specific operational procedures for its inspectors and auditors to ensure integrity and impartiality of its services. The measures adopted to fight both corruption and harassment and comply with international economic sanctions are regularly improved. This is done by reviewing internal rules and procedures, dispensing additional training and sending regular alerts through the Group’s network of compliance officers. Each operating unit has a dedicated manual covering its own specific legal issues, risks and ethics, in compliance with the rules applicable to the Group as a whole.

## Monitoring implementation of the compliance program

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### A dedicated organization

The Group's Compliance Officer (hereafter referred to as the "Compliance Officer") is the head of the Group's Legal, Risk & Compliance department. He or she defines, implements and oversees the compliance program, assisted by a network of compliance officers within each operating group.

The Group's Ethics Committee, whose members are appointed by the Company's Board of Directors, comprises the Group CEO, CFO, and Compliance Officer. The Committee meets at least once a quarter and whenever necessary. It oversees implementation of the compliance program and deals with all ethical issues submitted by the Compliance Officer. The Compliance Officer reports on incidents of non-compliance and presents the Committee with a full yearly report on implementation and monitoring of the program.

Every six months, the Compliance Officer reports to the Audit and Risk Committee.

In addition, the legal representative of each legal entity (subsidiary or branch) is responsible for the application of the Code of Ethics and the compliance program by the employees falling within his/her authority. To this end, he or she is required to provide a copy of the Code of Ethics to all of his or her employees, to ensure that they are trained, to inform them of their duties in simple, practical and concrete terms, and to make them aware that any violation of the Code of Ethics constitutes a serious breach of their professional obligations.

### Global yearly assessments

Each year the Company carries out a compliance assessment on the basis of a questionnaire. As a result of this process, reports are issued by the legal representatives of each entity.

These reports are then consolidated at the level of each operating group, after which an annual declaration of compliance is signed by each Executive Committee member responsible for an operating group. These declarations of compliance are sent to the

Compliance Officer who issues an annual report which is presented to the Ethics Committee and subsequently to the Audit & Risk Committee.

Compliance with Bureau Veritas' ethical principles and rules is also taken into account in managers' annual evaluations. Each manager is required to confirm compliance with the Group's ethical standards during his or her annual evaluation. Employees may contribute to improving the Code of Ethics during annual evaluation interviews, training sessions and departmental meetings. Questions, complaints or comments from third parties concerning the Code of Ethics may also be sent directly to the Compliance Officer.

### Regular internal and external audits

Compliance with the Code of Ethics is periodically reviewed by internal auditors, who report their findings to the Ethics Committee and the Audit & Risk Committee. Compliance auditing is one of the main cycles and procedures covered by the Group's Internal Audit and Acquisitions Services department.

In addition, the compliance program is subject to a yearly external audit, following which an independent audit firm issues a certificate of compliance to the Compliance Officer, who subsequently sends it to the IFIA's Compliance Committee. Each year, the Compliance Officer presents the findings of this audit to the Ethics Committee and subsequently to the Audit & Risk Committee.

### Centralized and systematic processing of complaints

If a Group employee has a question relating to the implementation or interpretation of the Code of Ethics, he or she may contact the local compliance officer or ask his or her local managers for advice. If no satisfactory solution is forthcoming or if the employee is reluctant to discuss matters with his or her superior, or if other procedures for handling individual complaints are not applicable, the employee can follow the procedure set forth in the Code of Ethics by directly contacting the Compliance Officer. On request, the matter will be treated confidentially and the identity of the employee will not be disclosed as far as possible. The worldwide deployment of a professional alert hotline began in 2016. The hotline should be available across virtually the entire Group in 2017.

## 2.2.2 An operating model designed for excellence

### The lean management approach: an operating model for re-engineering processes

To support its strong growth and international development, in 2012 Bureau Veritas adopted a lean management approach (see section 1.5.5 of this Registration document).

Through its targeted value-added approach, lean management helps teams to avoid spending time on redundant tasks. It has an impact on the reduction of the Group's carbon footprint by optimizing how buildings are used and related heating and air conditioning costs, and by reducing work-related travel during inspections. It also helps cut back on the volume of waste generated by replacing paper with electronic media and by maximizing the recycling of consumables.

In terms of day-to-day work, lean management encourages teamwork and helps create a pleasant work environment through the coherent allocation of roles and responsibilities. Lastly, it also plays a role in the continuing improvement of Bureau Veritas' relations with its clients, taking into account their perceptions of the Group's services and in order to adjust the value-added accordingly.

### A quality management system

Operational excellence requires a quality management system that underpins the Group's organization and allows Bureau Veritas to disseminate the same standards across the globe and in each of its businesses. Bureau Veritas' Quality department looks to develop and ensure compliance with quality procedures across the Group. These procedures have been certified to ISO 9001 by an independent, international body. This continuous improvement of processes is based on a structured network of Quality managers allowing Bureau Veritas to deliver reliable and consistent services to its clients across the globe.

## 2.3 Human Resources

Men and women working for Bureau Veritas are the Group's most valuable asset. The growth and success of the Group are closely tied to the performance of its employees, mainly engineers, technical experts and other qualified QHSE professionals.

Bureau Veritas employees proudly serve the general interest by helping to reduce social risks. Bureau Veritas wants to promote this commitment among the younger generations who wish to join the Group and embark on meaningful careers.

The Group also endeavors to create opportunities for skills building, training and mobility throughout its employees' careers, as well as encouraging their ability to innovate, a decisive competitive factor enabling Bureau Veritas to adapt to technological change and offer innovative solutions to its clients.

### 2.3.1 Optimizing personnel management

The Group's Human Resources priorities are an essential component of its growth strategy.

#### Headcount trends

At December 31, 2016, the Group had 69,042 employees, an increase of 4.6% compared with the end of 2015.

After a slight 0.8% decline in 2015, headcount again increased in 2016.

(number of employees)	December 2016	December 2015	December 2014
Europe	15,160	14,673	14,401
o/w France	7,683	7,630	7,542
Africa, Middle East and Eastern Europe	8,535	8,878	8,999
Americas	19,058	17,947	20,072
Asia Pacific	26,289	24,497	23,022
<b>TOTAL HEADCOUNT</b>	<b>69,042</b>	<b>65,995</b>	<b>66,494</b>

The geographic spread of Bureau Veritas' employees is closely linked to trends in the markets in which the Group does business. In a global economic environment that is less favorable to sustained growth, certain regions remain more buoyant than others, notably the Americas and Asia Pacific. Bureau Veritas has an extensive presence in China, Hong Kong and Taiwan, with 13,381 employees, representing 19.3% of the Group's total headcount. Together, the three recorded aggregate growth in headcount of 9.9% in 2016.

#### Movements in headcount

	2016	2015	2014
New hires <sup>(a)</sup>	12,362	11,021	12,512
Acquisitions	1,869	1,559	3,524
Layoffs	5,648	4,898	4,074
Voluntary departures	8,366	8,753	8,911

(a) Permanent contract (or similar).

### **An active and modern recruitment policy**

Bureau Veritas pursues an active and modern recruitment policy to support its long-term growth and development. It offers a wide range of career opportunities to its staff in terms of business diversity and geographical mobility.

The Group has been stepping up its presence on social media since 2014, developing an active global profile and regularly reporting on its activities on LinkedIn, Facebook and Twitter. Videos, employee testimonials and a broad range of employment opportunities are also posted online.

At the same time, the Group continues to reinforce its partnerships with engineering and business schools and with universities by participating in forums or sponsoring special events.

The Group's acquisitions also contribute significantly to the growth of its headcount. Bureau Veritas acquired nine companies in 2016, adding over 1,800 employees to its workforce.

Onboarding these new employees efficiently and professionally is a priority for the Group. To be as close as possible to new team members, the integration plan is defined locally and aligned with the acquired company's specific situation, environment and characteristics.

In 2016, the Group had a voluntary attrition rate of 10.8%, down from 13.1% in 2015 due an economic environment that was generally less favorable to movements in the workforce. Locally, the specific reasons for which employees leave the Group are identified and discussed during exit interviews held by the local HR teams. Bureau Veritas analyzes these factors to tailor its Human Resources management policies to the labor market's local context and requirements.

### **Facilitating the induction of employees**

The Group gives its new employees a professional and efficient welcome, enabling them to rapidly assume their new duties and feel at ease in their new environment. The onboarding program can now be automatically accessed by new recruits via MyLearning, the Group's e-learning platform.

## **2.3.2 Nurturing and retaining talent**

### **Identifying tomorrow's talent**

Since 2012, through its Organization & Leadership Development Review (OLDR), the HR department has identified potential successors for key managerial positions and set up a specific career transition review for these positions.

In 2016:

- 218 executive positions were reviewed by central teams together with the Group's Chief Executive Officer;
- 990 management positions were reviewed by the regional departments.

During this process, any talent identified are specifically followed at Group or local level in order to prepare them for their future roles.

At December 31, 2016, the Group had 1,795 managers. The average age of these managers was 48, which can be explained by the degree of expertise required by the Group's specific businesses.

### **Promoting internal mobility**

Owing to its broad geographical presence and the diversity of its businesses and sectors of activity, Bureau Veritas has an internal mobility policy that is a strong driver of personal growth for its employees.

This policy is rolled out in three different areas:

- performance interviews: employees are invited to discuss how they wish to evolve within the Group over the subsequent 18 months (geographic or professional mobility). These goals are then discussed and adjusted by the employee and his/her line manager during individual interviews;
- job reviews: internal mobility for the Group's executive functions is promoted through a formalized central process which systematically reviews the position and individual profile and therefore enables greater responsiveness to the Group's operating priorities;
- internal communication: appointments to new positions or promotions are announced in "Connections", a tool accessible by all employees.

### **Creating a performance-driven culture**

Developing a performance-driven culture is a lever for the Group. It implies that all employees adopt the Company's corporate vision and project. To help promote commitment among employees, Bureau Veritas takes care to provide a stimulating work environment in which employees feel valued and empowered.

## Building a strong employer brand

Bureau Veritas seeks to create a working environment that will help its employees realize their full potential and help maintain a strong, attractive brand.

Bureau Veritas received several awards in 2016, including:

- In the United Kingdom, Bureau Veritas was named one of Britain's Top Employers for the fifth year in a row. This certification was awarded by an independent organization (CRF Institute) in recognition of the excellent working conditions at Bureau Veritas.



- Also in the United Kingdom, the Group has committed to supporting the armed forces community by recruiting ex-forces personnel and giving them the opportunity to build a second career. In October 2016, Bureau Veritas received the Gold award in recognition of its Military Recruitment Scheme from Prince William, the Duke of Cambridge.
- In France, Bureau Veritas was awarded fourth place in the corporate services category for the first time in the 2016 survey of France's favorite companies conducted by on-line marketing studies site Toluna and published by Challenges magazine. In April, Bureau Veritas France was included in the 2016 Universum France preferred employers ranking by

### 2.3.3 Becoming a learning organization

Personal development and training are key goals of the Group's HR strategy and a means by which Bureau Veritas can keep its employees' expertise aligned with its businesses and offer enriching career paths. To give an example, among the 15 major countries in which the Group does business, Bureau Veritas recorded a total of 735,879 hours of training in 2016, representing an average of 15 training hours per employee. These 15 countries – France, China, India, Brazil, Chile, the United States, Canada, Spain, Australia, Colombia, Peru, the United Kingdom, the United Arab Emirates, Russia and South Africa – account for 72% of the Group's total workforce.

Bureau Veritas is working to develop a uniform training indicator in all of its host countries so that it can ultimately publish representative data for the entire Group.

#### Broadening access to knowledge

Bureau Veritas wants to expand the range of learning tools offered to its employees in order to support their career-long development.

In 2016, the Group launched "BV University", which will operate in 2017 along the lines of universities in the US, with "colleges"

engineering students and recent graduates. Working engineers voted for the Group as well in the October standings.

- In Asia, Bureau Veritas Consumer Products Services was recognized with the Employment Excellence label by the Taiwan government. This follows on a series of awards granted over the past three years in recognition of Bureau Veritas' inclusive culture, including: Best Partner in 2015, Employment Excellence in 2014 and Excellent Grading in 2013. Key criteria in these wins range from accessible premises, a positive working environment and the organization of events to foster employee engagement.
- In Hong Kong, Bureau Veritas received the Good Mandatory Provident Fund Employer award granted to companies with the most exemplary post-employment benefits programs for their employees.

#### Motivating employees through compensation

International compensation surveys are carried out regularly by the Group HR department to ensure that Bureau Veritas continues to be well positioned, enabling it to both attract the best candidates and compensate employees according to their level of commitment and performance.

Managers are closely associated with the Group's growth through bonus schemes that take into account their individual performance and the performance of the Group as a whole.

Bureau Veritas promotes loyalty among its managers through a system of stock options and/or through performance shares as part of a long-term incentive plan.

Information relating to personnel costs can be found in Note 8 to the consolidated financial statements in section 5.1 of this Registration document.

overseen by a "dean" responsible for appropriate content quality. Two modules have already been developed, the first dealing with project management and the second with marketing and sales. The colleges will host between 10 and 20 participants per year from across the globe. In 2017, BV University will welcome two groups of participants for a three-week program in France, China and the United States. This initiative is being supplemented by the ramp-up of MyLearning, the Group's e-learning platform.

The Group has pursued a policy of providing training in digital format since 2015. Existing modules have been migrated to MyLearning. Local entities are gradually migrating their training programs to this single platform.

Many employees work at clients' premises. The challenge is to be able to readily access the knowledge which is essential to Group businesses – themselves built on technical expertise.

The MyLearning platform already contains general QHSE training, programs focused on Health and Safety, the Bureau Veritas onboarding program and a series of technical training modules aligned with the Group's businesses. The Group compliance program, which is applicable to all Bureau Veritas employees, was also made available on MyLearning in 2016. In addition, the Marine & Offshore business has transformed numerous training modules into digital format.

## Technical upskilling and accreditations

Bureau Veritas is active in a large number of technical fields and its training is therefore very diverse. Technical training is necessary so that employees can work with full knowledge of standards and regulations, inspection methods (sampling, analysis, non-destructive tests, measurements, etc.), the technical

characteristics of the items inspected (products, processes, equipment, etc.) and safety and ethical standards.

Each division's Technical departments also monitor employees' qualifications. At each stage of the process, employees' skills are assessed by these departments and are also audited by accreditation bodies (COFRAC, IACS, UKAS, etc.).

## 2.3.4 Creating an inclusive culture

An inclusive culture enables each and every employee to reach his/her full potential. Inclusiveness goes beyond diversity, since it expresses the quality of management and the values at work in the organization on a daily basis. It enables people from different generational, gender and geographic backgrounds to work together and to respect difference. Bureau Veritas wishes to extend this inclusive culture to all its employees so that they think in a broader, more cross-functional manner. BV University, along with other resources, will help to achieve this goal with its aim of giving tomorrow's leaders an opportunity to get to know each other and work together in an international, multicultural environment.

In 2016, Bureau Veritas officially launched its inclusion strategy, which is both global and comprehensive.

Global, because the strategy provides Bureau Veritas' 140 host countries with a shared framework known as "Gender plus one". This program aims to help each unit focus on two issues:

- improve the gender balance within its teams;
- define and implement an additional inclusion initiative covering a scope in relation with local priorities.

Comprehensive, because the strategy aims to promote the broadest possible range of profiles in the employee base and to unleash the potential of all team members by creating a working environment that encourages each person to make a singular contribution with the goal of enhancing performance.

- the first focus in this strategy was to secure buy-in at the highest level of management. This was demonstrated in a formal commitment to promote inclusion, which was signed by the Chief Executive Officer and the Group's 17 Executive Vice Presidents at a special ceremony. A system was set up to report to the Board of Directors on succession plans and the percentage of women in the pool of identified successors for the Group's 180 most senior positions;
- the second focus was to instill the inclusion strategy in all the entities. Local management has signed the inclusion commitment, translated into 14 languages, and developed an inclusion plan for each entity to take into account specific local characteristics and the entity's degree of maturity.

The Inclusion Advisory Board, created in early 2016, comprises 11 Senior Executives drawn from the Company's Top 140 managers (Senior Vice Presidents or Vice Presidents). The Board met at regular intervals during the year and presented measures to speed up inclusion to the Chief Executive Officer in late 2016. These measures, which are ambitious and realistic in terms of their value added for the Company, address four main areas: communication/training, hiring/development of talent, customer focus and key performance indicators.

To get the most out of this diversity, employees throughout the organization must relay the Group's values of equality and inclusion. In 2016, the Group set the movement in motion with the launch of an "Inclusion" visual that has been deployed at all levels of the Company and is featured on all internal and external e-mails.



**inclusion**  
working & growing  
together

The visual symbolizes the program's spirit, expressing the concepts of living together in harmony, openness, movement, diversity and dialog.

In December 2016, Bureau Veritas was recognized for its initiatives in this area at the *Victoire des Leaders du Capital Humain* awards in the CSR & Diversity category. The awards, which have been organized by the "Leaders League" trade press group since 2002, are designed to recognize professionals for their excellence and to give broader exposure to best leadership practices in business.

## Fighting discrimination

40% of Bureau Veritas Executive Committee members are foreign citizens. Respect for all individuals is one of the Group's core values. On joining Bureau Veritas, all of the Group's employees agree to respect differences and other people, regardless of their nationality, ethnic origin, age, or religious or political beliefs. Bureau Veritas endeavors to constantly encourage and reinforce diversity within its teams, which it considers a source of enrichment and success.

Diversity policies have been formally introduced at local level. Employee handbooks describing anti-discrimination policies are distributed to employees in several countries, in order to raise awareness of these issues.

Initiatives run within entities are monitored and upgraded over time.

For example:

- in the US, as part of moves to bolster the Equal Employment Opportunity policy, Bureau Veritas renewed recruitment action plans for minorities, veterans, women and people with disabilities in more than 20 of its branches and offices. Since 2015, employees have also been required to complete a special e-learning program on equal opportunities in employment;
- in South Africa, Bureau Veritas continued its actions to fight inequality in connection with the government-backed “Broad-Based Black Economic Empowerment” program. In 2016, Bureau Veritas South Africa again donated 1% of its net after-tax profit to Maths Centre and Jicama, organizations involved in the education of children in primary schools;
- in Ivory Coast, Bureau Veritas signed a partnership agreement with the Ministry of Employment and Social Affairs in June 2016 to strengthen initiatives designed to bring vulnerable populations into the workforce, notably women, disabled individuals and first job-seekers over 35.

### **Promoting a better gender balance**

Bureau Veritas sees an appropriate gender balance as a driver of progress. Women remain insufficiently represented in senior management positions and on governing bodies. In line with the launch of its “Gender plus one” program, the Group strongly encourages initiatives in this area throughout its network. Progress has already been made: in 2016, the percentage of women in the Group’s executive management team was 12%, versus 11% in 2015.

Bureau Veritas has set a goal of raising this percentage to 25% by the end of 2020. This ambitious target has been widely circulated in-house and is reflected in a specific objective for end-2017. Of the Group’s worldwide headcount at end-2016, 69% were men and 31% women.

### **Inclusive recruitment policy**

Bureau Veritas primarily seeks to recruit passionate, committed people regardless of whether they have a university background or come from a prestigious graduate school. This inclusive academic policy gives the Group a wider, more creative and more proactive talent pool.

### **Enrichment through difference**

Bureau Veritas seeks to create favorable conditions giving people with disabilities access to employment. In Spain, for example, Bureau Veritas and the ONCE foundation signed a partnership agreement in 2016 to promote the recruitment and training of disabled persons.

In France, ever since Bureau Veritas received accreditation from France’s DIRECCTE (Regional directorate for companies, competition, consumption, work and employment) for its agreement on employment of disabled persons in 2014, Human Resources teams have been pursuing their initiatives to train and raise awareness among employees. These have included internal communication campaigns with brochures and posters, work with expert consultants, recruitment campaigns on specialized sites such as Reseau handicap and Agefiph, and/or participation in employment fairs organized by student organization FEDEEH.

Since the agreement was signed, the employment rate for people with disabilities in France has steadily increased, rising to 2.29% in 2016 from 1.89% in 2013.

### **Getting the most from age diversity**

In France, the “Generational contracts” action plan focusing on jobs for young and mature generations covers the period 2013-2016. It includes initiatives to promote youth training and outreach and work-study arrangements, which aim to increase the number of young people on the payroll by 4% by 2016. The action plan also includes an initiative promoting employment and skills development for the over 50s, skills and knowledge sharing, gender equality at work and job diversity.

In 2016, employees recruited on work-study contracts represented 19% of all new hires in France, an increase of 4% from 2015.

In addition, 38% of all new hires on permanent contracts in 2016 were under 30. To retain and protect its oldest employees, Bureau Veritas United Kingdom offers numerous possibilities for organizing their work by giving them a role as mentors or consultants or by offering part-time solutions. Since 2012, Bureau Veritas United Kingdom has also participated in a program that gives veterans an opportunity to continue their career paths in a corporate setting.

## 2.3.5 Constructive labor relations

### Work organization

HR Directors are responsible for organizing working time in compliance with local regulations. Due to the diversity of the Group's businesses, a different work organization is adopted for each business sector, depending on whether its employees are sedentary (laboratory) or mobile (inspection).

Working hours vary depending on the country and the applicable laws.

As an example, 586 employees or 7.6% of the Group's workforce in France worked part time in 2016, in line with previous years (7.7% in 2015 and 7.8% in 2014).

### Absenteeism

Absenteeism is monitored by local HR departments in accordance with local labor laws. Statistics on absenteeism are consolidated on a quarterly basis in the Group's reporting system. Bureau Veritas is also working to introduce more detailed, consistent indicators, mainly in connection with the current deployment of its new HR information system.

The absenteeism rate reported hereafter for 2016 covers 11 major countries in which the Group does business (China, France, India, Brazil, Spain, Canada, Australia, the United Kingdom, Russia, Hong Kong and South Africa) and covers 57% of the total workforce.

The rate stood at 1.6% for the year. It takes into account the total number of days of absence that cannot be planned in advance (due to illness, workplace accidents, or unauthorized absences) to get a better view of employee engagement.

Bureau Veritas is working to develop a uniform absenteeism indicator in all of its host countries so that it can ultimately publish representative data for the entire Group.

### Labor relations

The Group has identified employee representative bodies within most of its entities and strives to ensure that they function effectively.

More generally, Bureau Veritas also encourages communication, exchanges of ideas and opinion gathering via notice boards, HR networks, suggestion boxes, exit interviews, ethics correspondents, accident prevention committees, monthly personnel meetings and an open door policy.

<b>Personnel representative bodies</b>	These exist in most of Bureau Veritas' key countries: Canada, China, France, Spain, Italy, the United States, Japan, Germany, the Netherlands, Belgium, Czech Republic, Australia, Singapore, India, Thailand, Malaysia, Russia, Ukraine and most of Africa (Senegal, Mali, Ivory Coast, Benin, Togo, Gabon, Congo, Angola and South Africa). They take various forms depending on local legislation and the size of the workforce. They are generally made up of personnel delegates, works councils, health and safety or working conditions committees and union representatives.
<b>Committees</b>	Employee committees have been set up in Singapore, Vietnam, the United States, Germany, Spain, France, Belgium, the United Kingdom and Canada. In China, a discussion meeting open to all personnel is held each year as a platform for dialog with employees on matters such as training and career development.
<b>European Works Council</b>	The European Works Council put in place by the Group facilitates information and consultation with employees on transnational issues and represents a strong channel for constructive labor relations. It currently has 25 representatives from European countries. The European Works Council is regularly informed of the Group's economic and financial situation and the likely direction of its businesses and sales. It is also consulted on the employment situation and trends, investments, significant changes in organization, the introduction of new working methods or new production processes, any mergers or discontinued activities, and any large-scale redundancies.
<b>Collective agreements</b>	Collective agreements covering key HR issues (organization of working hours, compensation policy, working conditions, etc.) have been signed in Bureau Veritas' main markets: Argentina, Australia, Brazil, Canada, Chile, France, India, Italy, Mexico, the Netherlands, Peru, Russia, Singapore, Spain, Ukraine and Vietnam. There are 14 company agreements currently in force within Bureau Veritas SA. These agreements set out the conditions for labor relations, describe the <i>modus operandi</i> for employee representative bodies, and discuss a variety of other issues such as the management and reduction of working time. With respect to workplace health and safety, over 40 committees have been identified, created further to local requirements or OHSAS 18001 certification initiatives providing for employees' participation and consultation. No additional agreements arose out of these committees in 2016.

## Profit-sharing agreements

The profit-sharing agreements described below do not cover subsidiaries of Bureau Veritas SA outside France.

### Statutory profit-sharing

The statutory profit-sharing arrangement gives employees a right to a portion of Company profit.

Regardless of seniority, all employees are entitled to participate in the special reserve calculated pursuant to the statutory method set forth in article L. 3324-1 of the French Labor Code (*Code du travail*).

Bureau Veritas applies the statutory profit-sharing regime provided for in article L. 3323-5 of the French Labor Code.

In 2016, statutory profit-sharing represents €11,163,017 for a total of 7,005 beneficiaries.

### Contractual profit-sharing

On June 30, 2015, Bureau Veritas entered into a three-year agreement with its Works Council covering 2015, 2016 and 2017. Bureau Veritas employees with more than three months' service at the Group are entitled to contractual profit-sharing proportionate to their seniority.

(in €)	2016	2015	2014
Number of beneficiaries	7,005	6,948	6,883
<b>TOTAL CONTRACTUAL PROFIT-SHARING</b>	<b>2,989,972</b>	<b>12,994,953</b>	<b>14,361,675</b>

### Group Savings Plan

An agreement to convert the Company Savings Plan into a Group Savings Plan was signed with the Works Council on July 19, 2007, enabling all Bureau Veritas Group companies that are related companies within the meaning of article L. 3332-15 paragraph 2, of the French Labor Code to join the Group Savings Plan.

The Group Savings Plan comprises seven mutual funds in which €127,860,620 was invested at December 31, 2016.

Bureau Veritas contributes to the savings of its employees by paying a top-up contribution into the Group Savings Plan up to a maximum of €1,525 per employee per calendar year.

### Promotion of and compliance with the fundamental conventions of the International Labour Organization

In accordance with local laws, Bureau Veritas operates in compliance with the fundamental conventions of the International Labour Organization (ILO) in all the countries in which it is present.

The ILO's fundamental conventions cover a number of areas, notably respect for freedom of association and collective bargaining, the elimination of discrimination in respect of employment and occupation, the abolition of forced labor, and the abolition of child labor.

Bureau Veritas is also a partner of the ILO's International Training Center, providing training on incorporating the principles of international labor law into the strategy and operations of large international corporations.

## 2.4 Health, Safety and Environmental issues

For Bureau Veritas, safety is an “absolute”, non-negotiable priority without which the business could not continue.

The Group’s safety culture, driven by the goal of being a zero-accident company, is a significant factor in forging internal cohesion as well as a key focus. The Group’s expansion into new countries and industrial sectors gives rise to many challenges. These have been identified by Bureau Veritas thanks to the unwavering commitment of its management and the expertise of its Health, Safety and Environment (HSE) managers. Since 2009, when the Group’s first series of reliable indicators were established, accidents have fallen sharply. For example, the rate of accidents leading to lost work time is down by 65%.

The growth of Bureau Veritas has also had an impact on its environmental footprint, mainly in terms of electricity consumption and CO<sub>2</sub> emissions which have increased on account of work-related travel. To reduce these impacts, Bureau Veritas has developed internal programs to lighten the Company’s normative environmental footprint.

In 2016, the Group focused on three priority areas: reducing the number of accidents caused by falls, increasing the number of safety briefings held by management and securing the environmental footprint reporting scope.

### 2.4.1 A comprehensive HSE policy

The Group’s Health, Safety and Environment (HSE) policy has been defined to address the following challenges:

- successfully integrating a large number of new employees each year into a growing Group;
- harmonizing local HSE practices in an international network of 140 countries;
- conducting a wide range of activities that carry different HSE risks;
- working on client sites in working environments that the Group cannot control; and
- protecting against the risk of road accidents during work-related travel.

environmental issues, within the core values of the corporate culture. This clear undertaking reflects the Group’s long-term commitment to continuous improvement in its HSE performance.

This statement is available on the Group’s website ([www.bureauveritas.com](http://www.bureauveritas.com)), and includes the following commitments:

1. provide a safe workplace and systems to prevent accidents and injuries to our employees;
2. prevent pollution, minimize energy consumption and waste;
3. increase employees’ HSE awareness and safe behavior;
4. comply with all relevant HSE legislation (regulations, internal policies, client requirements, and other applicable requirements).

These commitments are also reflected in the active participation of the Executive in the analysis of serious accidents, specific HSE reviews, HSE certification objectives, and in the quarterly monitoring of performance indicators and action plans.

### Unwavering management commitment

In signing an “HSE statement”, Executive Management has undertaken to enshrine safety at work, along with health and

### HSE objectives

Bureau Veritas undertakes to protect the safety of its employees and the environment by setting annual objectives in line with the Group’s HSE vision and mission. Since 2015, Bureau Veritas’ operating teams, supported by the HSE network, have been working towards the following goals:

Objective	Progress at December 31, 2016
Zero fatal accidents	Achieved
Reduce the frequency of accidents with lost work time and the frequency of all accidents by 10%, and reduce the Accident Severity Rate by 15%	Achieved
Secure the environmental footprint reporting scope	Achieved
Conduct initial HSE training for all new arrivals	Not achieved
Ensure that each employee attends at least six safety briefings per year	Achieved
Roll out two safety campaigns	Not achieved
Obtain OHSAS 18001 certification for all entities with more than 200 employees	Achieved

Details on these objectives are provided below.

## A local and global HSE organization

Bureau Veritas has put in place the following HSE organization in order to provide effective management at Group level and consistent local implementation of objectives, programs and practices.

The strength of this organization lies in the balance between its network and the importance of its activities.

Title	Role and responsibilities	Reports to
HSE department	Defines global strategy, programs and tools.	Senior Vice President, Operational Excellence
HSE steering group	Helps to define the Group's HSE strategy and more specifically to select prevention campaigns.	Operating group management teams
HSE managers	Implement HSE policies, factoring in local constraints associated with the Group's various businesses, languages, cultures and regulatory contexts.	Regional and local management teams
HSE network	Reviews HSE performance during quarterly conference calls and annual seminars in order to set clear directions for HSE objectives and programs; participates in the development and implementation of new tools in order to disseminate good practices.	Operating group management teams
Ionizing Radiation Safety Committee	Ensures that all activities using ionizing radiation equipment under Bureau Veritas' responsibility deliver their services safely.	Operating group management teams
Working groups	Work together on specific topics in order to deliver joint proposals to the Group. In 2016, there were two active working groups: Machine safety and Accident categories.	HSE department

## Certifications

The Group gave itself the objective of seeking to obtain OHSAS 18001 certification for all entities with more than 200 employees before the end of 2015 (excluding acquired companies). ISO 14001 certification is also highly recommended.

Coverage of Group headcount	2016	2015	2014
ISO 14001	79%	77%	68%
OHSAS 18001	88%	85%	74%

The scope of certification continues to expand, regardless of whether certification is mandatory or strongly recommended. The pace of expansion is slowing, however, as only acquisitions and a few small units that are not yet certified are contributing. Certification activities are excluded from this scope as they are subject to specific accreditation processes. Similarly, acquisitions made in 2016 will not be covered by this certification program until 2017, so as to give them time to implement and adapt to the Group's management system.

## 2.4.2 Ensuring employee health and safety

### Health and safety indicators

Bureau Veritas has implemented health and safety indicators in each country in which it operates. These indicators have been defined according to World Health Organization guidelines.

An internal procedure defines the methods for reporting these indicators using a single tool that enables information about accidents to be reported in real time from all of the Group's entities. A specific process is applied for current-year acquisitions that are excluded initially from the Group's health and safety management system. These entities are integrated on a case-by-case basis after checking the reliability of data and more generally after at least one year of reporting.

Indicator	Definition	Unit	2016	2015 <sup>(a)</sup>	Objective for 2016
Total Accident Rate (TAR)	Frequency rate of all accidents	Number of accidents with and without lost time x 200,000/Number of hours worked	0.61	0.67	(10)%
Lost Time Rate (LTR)	Frequency rate of lost time accidents	Number of accidents with lost time x 200,000/Number of hours worked	0.26	0.30	(10)%
Accident Severity Rate (ASR)	Seriousness of accidents	Number of days lost x 1,000/Number of hours worked	0.03	0.027	(15)%
Fatality (FAT)	Number of deaths	Number of deaths	0	1	Zero

(a) The 2015 rates have been revised following the change in method for calculating the number of hours worked. As from 2015, this number has been set at 160 hours per person per month.

The Group continues to make overall progress (TAR – 13%, LTR – 13%, ASR – 15%) thanks to the programs put in place to improve the analysis of root causes and the effectiveness of the measures adopted, as well as the day-to-day input of line management. In 2016, all accidents classified as “serious” according to the Group's own criteria were closely monitored: the analysis of the accidents and the related action plan were reviewed by the HSE department and then presented by the line managers to their superiors at a specific meeting. This information is also provided to the Group's Chief Executive Officer during regular operating reviews. All Bureau Veritas managers were given a guide to manage safety by their line managers or their HSE organization at their annual evaluations or during a meeting on these issues. This guide forms the basis to understand the role of management in deploying the safety culture.

### Priority programs

Improving the Group's accident profile means putting in place appropriate programs. The Group is piloting a series of initiatives (some of which are described below), which are being rolled down locally and help to ensure that practices and guidelines are consistent. Local action plans specific to the entity's concerns and to their degree of maturity on certain issues are also in place.

#### Analyzing the root causes of an accident

Analyzing the root causes of an accident is an essential part of improvement and prevention. The internal accident investigation procedure was changed in 2015 to incorporate more effective tools to identify root causes as well as to select efficient, appropriate long-term corrective and preventive measures. An e-learning module has also been developed to support this initiative and will be deployed through local campaigns in early 2017. Anyone involved in analyzing a serious accident will have to complete this training module.

In 2016, the causes of the most serious accidents (58 during the year) were analyzed by the management of the entities concerned together with the Group's QHSE department in order to raise managers' awareness of this approach.

#### Action plan for the Consumer Products business

Given the number and trend of serious accidents identified in the Consumer Products business in 2015, a specific action plan was prepared by the HSE managers for the unit with support from the

Group HSE department and was subsequently implemented by management.

At the end of 2016, the Consumer Products business reported a significant improvement, with a year-on-year reduction of 60% in the number of serious accidents.

#### Safety campaign

A prevention campaign on safety issues was launched in 2016 by the Group QHSE department, focusing on low falls and slips. Two campaigns had been initially planned during the year, but the second was postponed due to the extended roll-out of the first. Low falls and slips was chosen as a focus area because it is the most frequent cause of accidents at Bureau Veritas. The campaign was deployed by the entire network in languages that ensure good local understanding of the messages. The campaign concerns all employees, as well as certain subcontractors if relevant for their activities.

A total of 45,829 training sessions or briefings were given to our employees and 1,667 to our subcontractors. The effectiveness of this work is also measured by using indicators such as the number of fire incidents reported to insurance companies and the number of near-accidents reported and analyzed.

#### Safety briefings

Safety briefings are a key preventive measure for accidents and part of the Group's internal processes.

They help remind employees of the importance of safety in their day-to-day work, highlight areas of business requiring particular

vigilance and help develop an open dialogue about these issues with employees. For employees, the briefings are an opportunity to share any doubts or suggestions for improvement they may have, and are an important link in the knowledge chain.

In 2016, the Group set itself the goal of ensuring that each employee participated in at least six safety briefings per year. This goal was achieved to differing degrees across the Group, depending on the maturity of the entity in question.

### Occupational illnesses

Occupational illnesses are monitored and reported locally, in accordance with applicable regulations, and local prevention plans are defined and put in place. Implementation of OHSAS 18001 certification within the Group drives entities' commitment to continuous improvement.

The Group analyzes its activities to identify the main risks to which its employees are exposed and to define the appropriate control mechanisms. Two principal exposures have been identified: ionizing radiation and asbestos.

#### Ionizing Radiation

Ionizing Radiation (IR), such as X-rays and gamma rays, is emitted by mobile or fixed equipment used primarily to perform non-destructive testing. An Ionizing Radiation Safety Committee was created in 2007 and established a Group policy and

procedure that must be followed in all Bureau Veritas operations where work is carried out using IR equipment. These requirements define critical factors such as maximum exposure for Bureau Veritas employees, monitoring of exposure and medical follow-up. Compliance with these requirements is audited for each entity at least every three years by internal experts. The audits are supplemented by annual self-assessments.

#### Asbestos

The main hazard linked to asbestos exposure is the inhalation of airborne fibers that may be released from Materials Containing Asbestos (MCA). At Bureau Veritas, exposure may occur when services are performed in a work environment where asbestos is present, or during work on MCAs that may generate airborne fibers (inspection of boilers insulated with materials containing asbestos, decontamination of buildings, etc.).

To ensure that exposure is limited, the Group has implemented an internal policy requiring a risk analysis for all operations. Beyond a certain density of fibers present in the air, a written plan to limit exposure is required and includes procedures for medical oversight. The key elements of this program are defined globally and must be deployed locally. In 2016, a training module designed to raise the awareness of potential exposure as defined by the working group on asbestos (see the section above on HSE organization) was rolled out through the Group's e-learning platform.

In France, three work-related illness claims, including one linked to asbestos, were filed with the authorities in 2016.

## 2.4.3 Limiting Bureau Veritas' environmental impact

Bureau Veritas' environmental policy applies to all its activities. The Group sets annual reduction targets and implements specific programs to reduce its most significant environmental impacts. Several action plans were implemented in 2016.

### Reduction in CO<sub>2</sub> emissions

Given the nature of the Group's activity as a service provider, its environmental impact is fairly limited. To get a better view of this impact, the sources of Bureau Veritas' CO<sub>2</sub> emissions were mapped in 2008 through full carbon audits of a representative sample using France's *Bilan Carbone* methodology. The results showed that 98% of Bureau Veritas' total CO<sub>2</sub> emissions stemmed from work-related travel, the consumption of energy, paper and water, leaks of ozone depleting substances and waste generation. The breakdown by business varied slightly. Work-related travel was the main source of CO<sub>2</sub> emissions for inspection and office activities, for example, while energy consumption was the main source for laboratories.

Based on these findings, the Group-led environmental programs and tools focused on these six sources while requesting more detailed reports on data related to work-related travel and energy consumption.

The overall picture remains valid despite the Group's growth and the increase in laboratory activities.

As a result, Bureau Veritas is determined to reduce its environmental footprint and minimize its normative energy consumption and carbon footprint relating to work-related travel. In order to do so, the Group sets annual objectives that are presented during the yearly management review, namely to the CEO, CFO, and heads of the Legal, Risk & Compliance and Human Resources departments.

The Group's environmental indicators are calculated using the Environmental and Carbon Reporting tool. These indicators are circulated to the Group's Executive Committee and through the website.

## Energy consumption

To achieve the targets set by the Group, local action plans have been rolled out, documented and communicated. These action plans may be persuasive (information campaigns), behavioral (regulated watering, careful control of indoor temperatures, optimized lighting) or managerial (procedures, management systems).

For laboratory activities in 2016, reliable data for electricity consumption were measured for 17,528 employees, or 81% of the staff in Group laboratories with more than 25 people and 93% of Group laboratories with more than 25 people.

Given that the data for 2015 show that 80% of the total volume of electricity consumed by the Group was attributable to the laboratories, with the remaining 20% attributable to offices, Bureau Veritas has chosen to focus on data from laboratory activities in laboratories with more than 25 people.

To stabilize the scope of data monitored and ensure its reliability through a detailed review of changes in consumption, the reporting period has been moved back by one calendar year. As a result, the data available for 2016 correspond to actual operations in 2015.

### Electricity consumption of Group laboratories

The data on energy consumption presented below concern electricity only. Gas consumption is not significant and therefore no longer included in this calculation.

Energy in MWh/person/year	2015
Laboratories	5.9

The following table shows gross consumption in 2015:

Energy in MWh	2015
Laboratories	102,906

The gross energy consumption figure for 2015 presented here is slightly higher than the figure published in the 2015 report as the reporting scope grew larger in the interim. Reporting covered 14,288 people in 2015 versus 17,528 people in 2016.

Normative energy consumption declined during the year. This confirms the effectiveness of the efforts made by Group entities to reduce their environmental impact and is the result of continually rising employee awareness, of programs to replace existing lighting with LED lighting and of choosing more energy-efficient electrical equipment and machinery.

## CO<sub>2</sub> emissions

The BV Carbon tool developed internally in 2009 to measure the Group's CO<sub>2</sub> emissions and assess the efficiency of environmental programs has been consolidated within the Environmental and Carbon Reporting tool since 2014.

The following emission scopes are taken into account:

- Scope 1 – Direct emissions: sum of direct emissions resulting from burning fossil fuels such as oil and gas from resources owned or controlled by the Group;
- Scope 2 – Indirect emissions: sum of indirect emissions arising from the purchase or production of electricity;

- Scope 3 – Other emissions: sum of all other indirect emissions including work-related travel.

By analyzing available data, energy consumption can be identified as one of the two areas of the business generating the majority of the Group's CO<sub>2</sub> emissions. Work-related travel is the second largest contributor to CO<sub>2</sub> emissions.

In 2016, reliable data on the laboratories' carbon footprint resulting from electricity consumption were monitored for 17,528 employees, or 81% of the staff in Group laboratories with more than 25 people and 93% of Group laboratories with more than 25 people.

Given that the data for 2015 show that 80% of the total volume of electricity consumed by Bureau Veritas was attributable to the laboratories, with the remaining 20% attributable to offices, Bureau Veritas has chosen to focus on data related to laboratory activities in laboratories with more than 25 people.

In 2015, reliable data on the offices' carbon footprint resulting from work-related travel were monitored for 25,515 employees, or 63% of the staff in Group's offices with more than 50 people and 66% of Group offices with more than 50 people.

In view of the volume of CO<sub>2</sub> emissions resulting from work-related travel undertaken by office staff as compared to laboratory staff, Bureau Veritas has chosen to focus on office data from offices with more than 50 people.

To stabilize the scope of reported data and ensure its reliability through a detailed review of changes in emissions, the reporting period has been moved back by one calendar year. As a result, the data available for 2016 correspond to actual operations in 2015.

The initiatives described above and put in place in the Group's offices to reduce energy consumption allow it to continue cutting CO<sub>2</sub> emissions resulting from energy use.

### GROUP CO<sub>2</sub> EMISSIONS ARISING FROM ELECTRICITY CONSUMPTION – LABORATORIES

Energy	Tons of CO <sub>2</sub> /person 2015
Laboratories	2.8

### GROUP CO<sub>2</sub> EMISSIONS ARISING FROM WORK-RELATED TRAVEL – OFFICES

Work-related travel	Tons of CO <sub>2</sub> /person 2015
Offices	Between 1.7 and 2.18

Data for work-related travel shown above include the use of cars (corporate, rental and leased vehicles), motorbikes and scooters, flights (short, medium- and long-haul) and train travel. Commuting is not included.

An analysis of reported data on air travel has revealed an error that has an impact on the per capita consumption indicator, thereby generating a margin of difference of +5% to -29% for this indicator. Measures have been taken to ensure that future consolidated data is reliable.

**Streamlining work-related travel**

Bureau Veritas’ businesses involve numerous visits to clients’ premises, resulting in high levels of fuel consumption.

In order to reduce the CO<sub>2</sub> emissions generated, local initiatives have been put in place, mainly in France, Australia, Italy and Latin America.

In France for example, teams are putting in place a program aimed at replacing vehicles over three years old with more fuel-efficient vehicles in order to reduce average fuel consumption. This will reduce emissions resulting from work-related travel.

**Pollution and waste management**

Potential pollution in connection with the Group’s office and inspection activities is described in the table below. Compliance with the identified requirements is audited by local authorities and by ISO 14001 certification bodies.

Business	Potential pollution	Examples of action plans
Offices and inspections	Air conditioning equipment in the offices, which may provoke refrigerant gas leaks Use of cars to travel to client premises	Appropriate maintenance contracts Recent vehicle fleet with low CO <sub>2</sub> emissions and training in eco-driving
Laboratories	Air conditioning equipment in laboratories that may provoke refrigerant gas leaks Testing equipment that may generate polluting atmospheric emissions Use of cars to travel to client premises Storage of chemical products and hazardous waste	Appropriate maintenance contracts Technical equipment to monitor emissions and procurement of necessary permits, regular emissions checks Recent vehicle fleet and training in eco-driving Dedicated storage areas equipped with appropriate retention tanks and the necessary control procedures

**Measures for the prevention, recycling and removal of waste**

The nature of Bureau Veritas’ activities means that its main waste product in volume terms is paper. In order to limit its consumption and reduce the waste generated, several initiatives have been set up within various Group entities focused on generating electronic reports, as well as electronic printing and archiving when permitted by clients and applicable regulations. Bureau Veritas is working towards its paperless goal for the Consumer Products business (reduction of paper consumption, storage and shipment).

Other types of waste, such as cardboard, plastic, glass, batteries, light bulbs, redundant electrical and electronic equipment, chemicals and mineral samples arising from laboratory tests carried out by the Group, are measured and managed in accordance with local regulations requiring that they are disposed of using specialized services.

Due to the increasing scale of the Group’s laboratory activities, waste reporting has been improved in order to better measure the information reported and ensure that it is reliable.

**Noise and other forms of pollution**

Noise and other forms of pollution related to the Group’s activities are monitored in accordance with applicable local regulations.

Owing to the nature of its activities, Bureau Veritas causes little noise pollution in the local communities in which it is present. However, where excessive noise is identified (e.g., at laboratories carrying out resistance tests on concrete or metal parts), appropriate sound insulation has been installed to avoid creating a nuisance for the local community. Appropriate protective measures are also identified and put in place for the employees concerned.

**Helping clients to reduce their environmental impact**

Bureau Veritas offers a range of services enabling its clients to lighten their environmental footprint, such as:

- conducting carbon and energy audits to identify the sources of emissions, quantify and prioritize them, and recommend methods for reducing CO<sub>2</sub> emissions;
- supporting clients in their efforts to obtain ISO 14001 certification and training environment managers, which makes a key contribution to professionalizing improvement initiatives and ensuring their effectiveness over the long term;

- technical checks carried out on ships in service and under construction to prevent ecological disasters related to accidental spills;
- LEED certification, support in obtaining HQE certification for buildings that help reduce energy consumption during construction and operation.

## 2.4.4 Continuing employee training

A Health, Safety and Environmental induction module is provided to new employees when they join the Bureau Veritas Group. Around 13,000 induction sessions were held in 2016.

This induction training is supplemented with specific modules that are defined by each country based on the risks employees may be exposed to when performing their duties and in accordance with regulatory requirements. Training is provided with respect to entering confined spaces, working at heights, first aid, use of firefighting equipment, handling of pressurized canisters and preventive actions. Training leading to a certification is also provided for members of the HSE network on HSE management systems, applicable standards, internal audits, and accident investigations.

### E-learning platform

After Bureau Veritas set up a new global e-learning platform in late 2014, substantial resources were allocated by HSE teams so that all training courses available at Group level could be incorporated into the platform. A total of 15 modules were configured in several languages, some 200 local administrators identified and trained, automatic reports created and best practices exchanged with other Group entities using this platform. As a result, fourteen HSE courses were posted online in 2015 and two new courses were added in 2016.

### Provisions and guarantees

Provisions and guarantees for environmental risks are monitored at local level depending on the potential impact of Bureau Veritas' activities. The Group has subscribed insurance coverage for all of its business activities (see section 1.13 – Insurance, of this Registration document).

This platform, available to all Group employees, offers training modules in a variety of languages on Health, Safety and Environmental issues. These include key safety rules, handling of chemical products, working at heights, eco-driving for two- and four-wheeled vehicles, responsible conduct and handling of gas canisters. Specifically-designed modules are also made available on measures that managers must take with respect to personal protection equipment, ionizing radiation, working at heights and entering confined spaces.

In 2017, the scheduled updating of certain modules will bring them in line with the latest requirements and best practices.

## 2.5 Society

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### 2.5.1 Serving the general interest

In a world where public opinion is becoming increasingly sensitive to technological, environmental, energy, social and economic risks, Bureau Veritas provides solutions to issues relating to quality, safety, environmental protection and social responsibility.

#### Helping our clients to generate value on a long-term basis

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Bureau Veritas has over 400,000 clients. It operates in a wide range of industries, including aerospace, automotive, construction, real estate, consumer products, electrical and electronic engineering, agri-food, industrial equipment, maritime, oil & gas, process engineering, mining, retail, services, transportation and infrastructure. The scale of its activities also allows Bureau Veritas to promote a culture of quality, health and safety, environmental protection, efficiency and social responsibility throughout global value chains.

The services delivered by Bureau Veritas encompass six value creation levers for its clients, which are discussed in more detail in section 1.1 of this Registration document.

By helping its clients to protect their brands, manage their risks and improve their performance, Bureau Veritas serves the general interest.

The Group's services help improve:

- the safety of users of buildings, equipment and vehicles;
- the safety of consumers (food products, electrical and electronic equipment, and other consumer products);
- the health and safety of employees in the workplace;
- the environmental impacts of industrial operations, transportation, construction and consumption of natural resources;
- the safety and transparency of international trade;
- corporate social responsibility.

Bureau Veritas acts in the general interest, in accordance with the following commitments to:

- identify and reduce risks to benefit the public and economic spheres, consumers and end users, and society in general;
- comply with its Code of Ethics, which includes, in particular, rules applying to independence, integrity and impartiality in providing objective and impartial, unbiased professional opinions;
- promote local initiatives in response to local problems.

#### A specific CSR-focused business

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The Group's business portfolio includes services more directly geared to CSR. In addition to those mentioned in section 2.4.3 above, Bureau Veritas provides other types of services including:

- conventional QHSE management system certification services: Environment (ISO 14001) and Health & Safety (OHSAS 18001);
- certification services for specific sectors, in particular for the agri-food industry (BRC/IFS, ISO 22000, HACCP – management of food health and safety), the forestry/wood sector (FSC/PEFC) and health services. In France, Bureau Veritas also provides certification services in the agri-food sector (e.g., for food schemes such as *Label Rouge*, *AB* and *Origine France Garantie*);
- environment-related services: verification of sustainability practices in the fields of climate change (EU ETS), energy management (ISO 50001), biomass and biofuels sustainability (EU Directive on Renewable Energy), carbon footprinting (ISO 14064, PAS 2050), social responsibility (SA 8000, ISO 26000) and sustainability reporting (AA 1000, GRI);
- training in environmental issues, social responsibility, food safety, IT security, business continuity management and energy management.

## 2.5.2 Management of suppliers and subcontractors

### Group purchasing

Since 2013, the Group's Purchasing department has worked towards four main objectives:

1. optimizing commitments with suppliers and subcontractors;
2. understanding and managing expenses by developing a Group-wide purchasing organization and deploying tools to analyze and understand expenses and manage related savings;
3. implementing standardized process for the entire Group and ensuring compliance with clearly formalized governance rules, both with respect to internal processes (e.g., segregation of duties between the purchaser and the requisitioner) and external processes (e.g., ethical purchases); and
4. managing risks related to procurement and subcontracting.

The goals of the Purchasing department for 2016 reflect three aspects of its mission as described above:

1. additional savings by identifying synergies across the Group, sharing best practices and consolidating purchases at the appropriate level to benefit from economies of scale. The cost savings target is expected to be achieved not only by systematically seeking to identify the "right price" but also by fostering a "responsible consumption" attitude among internal Purchasing department clients. This can be done both by ensuring that they systematically use listed suppliers and contracts in place, and by ensuring that they are used reasonably and efficiently – for example, not simply ensuring compliance with the travel policy, but making an effort to use tele- or videoconferencing;
2. significantly reducing the number of suppliers. This initiative is designed to enable Bureau Veritas to influence its suppliers and subcontractors on important issues;
3. adopting a systematic approach to risk management in the supply chain.

As purchasing and subcontracting accounts for a large proportion of Bureau Veritas' total expenses, it is essential to pay close attention to relationships with subcontractors and suppliers and the sustainable development strategy adopted by the Group with regard to these stakeholders.

### Breakdown of suppliers and subcontractors

Partners	Role	% of 2016 revenue	CSR issues taken into account
Operational subcontractors	Technical personnel not on the Bureau Veritas payroll, used to temporarily increase capacity or ensure geographic coverage of needs	8.4%	Personnel selection, supervision, training when and where necessary and possible.
Suppliers	Companies supplying the materials used by Bureau Veritas personnel to carry out its work (laboratory equipment, measuring equipment, individual protection equipment, etc.), equipment or services such as lease of offices, telecommunications, hardware and software, travel services and vehicles for work-related travel	21.1%	Contracts referencing the applicable Bureau Veritas Code of Ethics, specifying the expected degree of equipment safety, the necessary respect for human rights, the implementation of a travel policy and a policy to reduce CO <sub>2</sub> and vehicle emissions; use of EcoVadis to evaluate suppliers on CSR issues.

### Evaluation of suppliers on CSR issues

In 2014, Bureau Veritas launched a continuous purchasing improvement program from a CSR perspective. The Group teamed up with EcoVadis, an independent platform evaluating suppliers in terms of sustainable development and corporate social responsibility, and identified the following goals:

- demonstrate Bureau Veritas' commitment to sustainable development across the entire supply chain;
- systematically evaluate key suppliers on CSR issues;
- assist suppliers with their drive to improve their environmental and social responsibility.

EcoVadis uses 21 criteria when evaluating suppliers, based on four main themes: environment, fair working conditions, business ethics and supply chain. In all, 45 suppliers were evaluated via a CSR questionnaire as part of the first campaign launched in 2014. At the end of this campaign, a progress plan was defined for two suppliers. A second campaign is currently being prepared for the most strategic suppliers, with the aim of covering 80% of the Group's purchases.

## Qualification of subcontractors

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Subcontractors have expectations which are similar to those of Bureau Veritas employees:

- to work in a secure environment;
- to have appropriate skills; and
- to be fairly compensated.

In addition to the checks carried out to ensure that employees have the requisite skills for the tasks they are assigned, Bureau Veritas ensures that its subcontractors comply with the Group's ethical and safety standards.

Employees will soon be able to update their skills by means of a standard package comprising:

- the Bureau Veritas Code of Ethics to be countersigned by the service provider;
- a statement to be signed by the service provider in which it recognizes the nature of the operating needs and constraints of Bureau Veritas and its client;
- a Service Charter, formally documenting the service provider's commitments in delivering its services, for example delivering in accordance with the agreed schedule;
- the list of specific applicable health and safety rules;
- a confidentiality agreement to be signed by the service provider.

Depending on its specific needs, each entity will add to this standard package other relevant information in view of the type of services subcontracted.

## 2.5.3 A responsible corporate citizen

### Supporting local development

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The Group has a broad international footprint.

This makes it possible to provide a "one stop" response for clients that generally operate around the globe. However, the Group's presence on the ground, its understanding of the language and dialects and the availability of its people are what allows it to really get to grips with the human issues at local level. This is how Bureau Veritas is able to provide effective local solutions with global support.

The Group's highly decentralized organization favors local hiring in the 140 countries in which it does business. In this way, Bureau Veritas helps further socio-economic development in the countries in which it operates, including through its network of local suppliers and partners.

The Group takes care to ensure that each of its 1,400 offices and laboratories across the globe nurtures local skills and expertise in partnership with the authorities and stakeholders concerned.

### Action for the community

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The community initiatives rolled out by Bureau Veritas are decided locally in each of the 140 countries in which the Group does business.

## 2.6 Information compilation methodology

### Labor-related information

Bureau Veritas SA's social audit is available at the head office upon request.

The information published in this document is mainly taken from the Group's Human Resources reporting system. It is published and submitted on a quarterly basis to Executive Committee members and to the HR departments of the various operating groups. Within the Group HR department, a reporting team is in charge of verifying and publishing these data in conjunction with the local managers.

An annual survey is also conducted among the HR Directors of the operating groups to compile the relevant qualitative information presented in section 2.3 of this chapter.

### Scope of consolidation

HR information is updated by local teams and is reported into the Group reporting system every quarter. Data relating to managers are continuously updated in the Group's HR information system (HRIS).

Unless otherwise stated in this report, information is provided on a Group-scope basis.

For data on training hours and hours worked/absenteeism, the Group respectively uses a rolling three-month and rolling one-month period. Training data for 2016 therefore relate to the period between October 1, 2015 and September 30, 2016, while data on hours worked and absenteeism for 2016 cover the period between December 1, 2015 and November 30, 2016.

Other data are not reported on a rolling basis and cover the full 2016 calendar year.

### Documentation and training for users

Detailed, regularly updated documentation is available in the Group's IT systems. Each new user and/or contributor to the HR reporting must complete training on how to collect and enter data, as well as on online consultation of indicators. This training is provided by the Group HR department.

### Health, Safety and Environment (HSE)

In the absence of recognized public standards for inspection operations, Bureau Veritas has defined its own set of HSE indicators including specific definitions, scopes and methods of consolidation, responsibilities, and information verification.

These are described in the manuals for the areas in question (HSE). They are regularly updated to account for the introduction of additional programs and for any changes in the scope (program extended to existing entities, integration of new acquisitions).

### Information gathering

HSE indicators fall under the responsibility of the HSE department, which draws on the data entered into the network and the IT systems.

HSE indicators are input by Group entities using an online tool.

Data on accidents are input in real time. Details about methodology can be found in section 2.4.2 of this chapter.

Environmental indicators are input in a single reporting process known as "Environmental and Carbon Reporting" (see below for more details).

### Scope and methods of consolidation

HSE indicators are consolidated at Group level or within specific programs. The indicated exclusions concern entities for which data for the previous year are not available or are not reliable, as well as entities acquired in the previous year. Moreover, to ensure that the data collected are consistent, the indicators are only consolidated from the second year of data reporting.

Energy consumption includes the consumption of electricity used in buildings and processes.

The number of employees used in the calculation of safety and environment indicators is based on the quarterly average number of employees.

By default, the number of hours used to calculate the frequency and severity rates is set at 160 per month and per employee.

Since 2014, in order to facilitate and improve reporting on the main environmental impacts and CO<sub>2</sub> emissions, Bureau Veritas has used a single tool called "Environmental and Carbon Reporting".

Each entity must report annually on energy, paper and water consumption and waste generation, and every other year on work-related travel and ozone-depleting substances. A number of exceptions are provided for in the reporting procedure in the following cases:

- data cannot be obtained because they are included in the overall rental charge, there is no meter installed, and it would be too costly to put one in place;
- the reporting scope only covers 80% of the workforce, when the remaining 20% consists of small, geographically dispersed entities;
- newly-acquired entities have two years to improve their data reporting, so that they can begin with pilot sites and then roll out the reporting process to the entire entity.

In order to ensure that the data reported by newly acquired entities are consistent with the Group's processes, the first reporting year is documented but the data are not included in the Group's consolidated results.

Moreover, the data reported must cover 12 calendar months (from January 1 to December 31). Where data are not available at the reporting date, the following approaches are tolerated:

- use of rolling 12-month data (with a maximum of three months in the previous year);
- extrapolation using at least six months of data from the same year.

Any entity whose annual data cannot be reliably verified is excluded from the Group's consolidated results.

### Indicators that are not relevant to Bureau Veritas' businesses

Bureau Veritas' operations are not affected by adaptation to the consequences of climate change and measures for protecting or increasing biodiversity, and are carried out in compliance with the relevant local regulations. Further, with respect to the Group's portfolio of services, these areas also have business potential. For example, the Group has carried out a project to define a framework for preparing business continuity plans in accordance with ISO 22301, as required by regulations in certain countries.

The business activities of Bureau Veritas do not involve the use of soil or land, apart from the use of the buildings which the Group usually leases as a tenant. They do not involve the consumption of raw materials except fuel, more details of which are provided in section 2.4.3 along with the measures taken to improve fuel efficiency.

The Group's business activities do not involve the use of water, except water consumed by employees and in certain testing processes in laboratories. Its business activities are carried out in compliance with the relevant local standards and regulations on water consumption and discharge. As part of ISO 14001 certification, water consumption is monitored in those businesses in which it is considered significant, and measures are adopted to reduce and optimize consumption.

Lastly, the Group's business activities did not generate any food waste.

## 2.7 Cross-reference index

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## 2.8 Opinion of the independent auditor

*This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### Independent verifier's report on consolidated social, environmental and societal information presented in the management report

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC<sup>(1)</sup>, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Bureau Veritas, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2016, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

#### Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in the management report and available on request at the company's headquarters.

#### Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

#### Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Our verification work mobilized the skills of four people between September 2016 and February 2017 for an estimated duration of six weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the limited assurance report, in accordance with the international standard ISAE 3000<sup>(2)</sup>.

### 1. Attestation of presence of CSR Information

#### Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*).

#### Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

(1) Scope available at [www.cofrac.fr](http://www.cofrac.fr).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

## 2. Limited assurance on CSR information

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### Nature and scope of the work

We undertook seven interviews with the people responsible for the preparation of the CSR Information in different departments (Human Resources, Legal, Risk and Compliance, Quality, Health, Safety & Environment, Purchasing, Customer Relations and Data Security), in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important <sup>(1)</sup>:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of sites that we selected <sup>(2)</sup>, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 19% of the total workforce and between 23% and 42% of the quantitative environmental information, that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

### Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, February 24, 2017

French original signed by:

Independent Verifier  
ERNST & YOUNG et Associés

Éric Duvaud  
Partner, Sustainable Development

Bruno Perrin  
Partner

(1) **Social information:** employment (total headcount and breakdown, hiring and terminations), absenteeism (absenteeism rate for 11 countries), training (number of days of training for 15 countries), work accidents (frequency rate of lost time accidents, severity rate), induction trainings on health and safety.

**Societal information:** importance of subcontracting and the consideration of environmental and social issues in purchasing policies, business ethics (actions undertaken to prevent bribery and corruption), customer satisfaction.

**Environmental information:** energy consumption and CO<sub>2</sub> emissions from energy consumption, business travels and CO<sub>2</sub> emissions from business travels.

(2) France (Industry & Facilities division), China (Industry & Facilities division – Shanghai; Consumer Product Services division – Shanghai and Shenzhen), USA. (Industry & Facilities division – Inspectorate America Corp.).

# 3

## Corporate governance RFA



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Components of the Annual Financial Report are identified in this table of contents with the sign RFA

# 3

## Corporate governance

## 3.1 Corporate Officers and members of the Executive Committee

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Since February 13, 2012, the roles of Chairman of the Board of Directors and Chief Executive Officer have been separate. This two-tier governance system ensures that a clear distinction is made between the strategic, decision-making and oversight functions of the Board of Directors and the operational and executive functions that are the Chief Executive Officer's responsibility. Aldo Cardoso has served as Chairman of the Board of Directors since March 8, 2017, replacing Frédéric Lemoine, who resumed his position as Vice-Chairman of the Board of Directors.

In accordance with the law, as Chairman of the Board Aldo Cardoso organizes and supervises the Board's work and reports on it to the Shareholders' Meeting. He oversees the proper functioning of the Company's executive bodies, ensuring in particular that the Directors are able to fulfill their duties.

### 3.1.1 Board of Directors

In accordance with article 14 of the Company's by-laws (the "By-laws"), as amended by the Extraordinary Shareholders' Meeting of May 20, 2015, the Board of Directors must have a minimum of three and a maximum of eighteen members.

At the date this Registration document was filed, the Board of Directors had thirteen members.

These members are appointed by the Ordinary Shareholders' Meeting and their term of office is four years. However, in accordance with the By-laws, the meeting can follow the recommendation of the Board and appoint or renew one or more

Directors for a term of one, two or three years, thereby ensuring a phased renewal of Board members.

The proportion of Board members over 70 years old may not, at the end of each Annual Ordinary Shareholders' Meeting, exceed one-third of Board members in office.

Information relating to the nationality, age, business address, main duties and start and end of the term of office of Board members is provided in the table below "Composition of the Board of Directors and its Committees".

## Composition of the Board of Directors and its Committees

Name	Nationality	Age <sup>(c)</sup>	Main business address	Current office within Company	Main functions
<b>Aldo Cardoso</b> <sup>(a)</sup>	French	60 years old	Bureau Veritas Immeuble Newtime 40/52, boulevard du Parc 92200 Neuilly-sur-Seine – France	Chairman of the Board of Directors	Director of companies
<b>Frédéric Lemoine</b> <sup>(d)</sup>	French	51 years old	Wendel 89, rue Taitbout 75009 Paris – France	Vice-Chairman of the Board of Directors	Chairman of the Management Board of Wendel
<b>Stéphane Bacquaert</b> <sup>(d)</sup>	French	45 years old	Wendel Anfaplace Centre d'affaires Est Boulevard de la Corniche Ain Diab 20100 Casablanca – Morocco	Member of the Board of Directors	Managing Director of Wendel Africa
<b>Stéphanie Besnier</b>	French	39 years old	<b>Wendel 89, rue Taitbout 75009 Paris – France</b>	<b>Member of the Board of Directors</b>	<b>Senior Director at Wendel</b>
<b>Patrick Buffet</b> <sup>(a)(d)</sup>	French	63 years old	Eramet Tour Maine Montparnasse 33, avenue du Maine 75755 Paris cedex – France	Member of the Board of Directors	Chairman and Chief Executive Officer of Eramet
<b>Claude Ehlinger</b>	Luxembourg	54 years old	<b>Wendel London 63 Brook Street London, W1K 4HS – United Kingdom</b>	<b>Member of the Board of Directors</b>	<b>Chief Executive Officer of Oranje-Nassau, Associate Director and member of the Investment Committee of Wendel</b>
<b>Nicoletta Giadrossi</b> <sup>(a)(d)</sup>	Italian	50 years old	Bain Capital Partners Devonshire House Mayfair Place London W1J 8AJ – United Kingdom	Member of the Board of Directors	Senior Advisor, Energy Bain Capital Partners
<b>Ieda Gomes Yell</b> <sup>(a)(d)</sup>	British	60 years old	Bureau Veritas Immeuble Newtime 40/52, boulevard du Parc 92200 Neuilly-sur-Seine – France	Member of the Board of Directors	Consultant, Researcher
<b>Siân Herbert-Jones</b> <sup>(a)</sup>	British	56 years old	<b>Bureau Veritas Immeuble Newtime 40/52, boulevard du Parc 92200 Neuilly-sur-Seine – France</b>	<b>Member of the Board of Directors</b>	<b>Director of companies</b>
<b>Pierre Hessler</b> <sup>(a)</sup>	French	73 years old	23, rue Oudinot 75007 Paris – France	Member of the Board of Directors	Consultant, Researcher
<b>Pascal Lebard</b> <sup>(a)</sup>	French	54 years old	Sequana 8, rue de Seine 92517 Boulogne-Billancourt cedex – France	Member of the Board of Directors	Chairman and Chief Executive Officer of Sequana
<b>Jean-Michel Ropert</b> <sup>(d)</sup>	French	50 years old	Bureau Veritas Immeuble Newtime 40/52, boulevard du Parc 92200 Neuilly-sur-Seine – France	Member of the Board of Directors	Consultant
<b>Lucia Sinapi-Thomas</b> <sup>(d)</sup>	French	52 years old	Capgemini 76, avenue Kleber 75116 Paris – France	Member of the Board of Directors	Executive Director, Capgemini's Business Platforms
<b>Philippe Louis-Dreyfus</b>				Member of the Board of Directors until May 17, 2016	

(a) Independent director.

(b) Annual Ordinary Shareholders' Meeting.

(c) At December 31, 2016.

(d) Director whose term of office expires at the next Shareholders' Meeting.

Start of term of office	End of term of office	Audit & Risk Committee	Nomination & Compensation Committee	Strategy Committee
Appointed as non-voting observer in June 2005. Appointed as Director on June 3, 2009. Appointed as Chairman of the Board of Directors on March 8, 2017.	AOSM <sup>(b)</sup> 2018	Chairman	Member	
Co-opted as member of the Supervisory Board and appointed as Chairman on April 14, 2009. Appointed as Vice-Chairman of the Board of Directors on June 3, 2009. Appointed as Chairman of the Board of Directors on November 5, 2013. Appointed as Vice-Chairman of the Board of Directors on March 8, 2017.	AOSM <sup>(b)</sup> 2017			Chairman
Co-opted as member of the Supervisory Board on June 2, 2008. Appointed as Director on June 3, 2009.	AOSM <sup>(b)</sup> 2017			
<b>Appointed as Director on October 18, 2016.</b>	<b>AOSM <sup>(b)</sup> 2020</b>	<b>Member</b>		
Co-opted as member of the Supervisory Board on June 18, 2007. Appointed as Director on June 3, 2009.	AOSM <sup>(b)</sup> 2017			Member
<b>Appointed as Director on October 18, 2016.</b>	<b>AOSM <sup>(b)</sup> 2020</b>			<b>Member</b>
Appointed as Director on May 22, 2013.	AOSM <sup>(b)</sup> 2017		Member	
Appointed as Director on May 22, 2013.	AOSM <sup>(b)</sup> 2017	Member		Member
<b>Appointed as Director on May 17, 2016.</b>	<b>AOSM <sup>(b)</sup> 2020</b>		<b>Member</b>	
Appointed as Chairman of the Supervisory Board on June 19, 2002. Appointed as Vice-Chairman of the Supervisory Board on June 27, 2005. Appointed as Director on June 3, 2009.	AOSM <sup>(b)</sup> 2019		Chairman	Member
Co-opted as Director on December 13, 2013.	AOSM <sup>(b)</sup> 2018		Member	
Co-opted as member of the Supervisory Board on December 21, 2005. Appointed as Director on June 3, 2009.	AOSM <sup>(b)</sup> 2017			
Appointed as Director on May 22, 2013.	AOSM <sup>(b)</sup> 2017	Member		

## Expertise and experience in corporate management of the members of the Board of Directors and positions held over the last five years

### ALDO CARDOSO

Aldo Cardoso, non-voting observer of the Company since June 2005, was appointed Director and Chairman of its Audit & Risk Committee on June 3, 2009 when the Company's governance and management structure changed. He has been Chairman of the Board of Directors since March 8, 2017. From 1979 to 2003, he held various positions at Arthur Andersen: Consultant Partner (1989), Country Managing Partner for France (1994), member of the Board of Directors of Andersen Worldwide (1998), Non-Executive Chairman of the Board of Directors of Andersen Worldwide (2000) and Chief Executive Officer of Andersen Worldwide (2002-2003). Aldo Cardoso is a graduate of the École supérieure de commerce de Paris, has a Master's degree in business law and is a certified public accountant.

#### Current positions <sup>(2)</sup>

Director of ENGIE <sup>(1)</sup>, Imerys <sup>(1)</sup> and Worldline <sup>(1)</sup>

Non-voting observer of Axa Investment Manager

#### Positions no longer held (but held in the last five years)

Director of Accor <sup>(1)</sup>, Orange <sup>(1)</sup>, Penauille Polyservices, Gecina <sup>(1)</sup>, Axa Investment Manager, Rhodia <sup>(1)</sup> and Mobistar <sup>(1)</sup>

### FRÉDÉRIC LEMOINE

Frédéric Lemoine, Chairman of the Supervisory Board of the Company from April 14 to June 3, 2009, was appointed as Director and Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee on June 3, 2009, when the Company's governance and management structure changed. From November 2013 to March 2017, he acted as Chairman of the Company's Board of Directors. Frédéric Lemoine resumed his position as Vice-Chairman of the Board of Directors on March 8, 2017. From 1992 to 1993, he spent a year managing the Heart Institute in Ho Chi Minh City in Vietnam and, between 2004 and 2013, served as Secretary-General of the Alain Carpentier Foundation that supported this hospital. From 1995 to 1997, he was Deputy Chief of Staff of the Minister for Employment and Social Affairs (Jacques Barrot) in charge of coordinating the national health insurance system and hospital reforms. At the same time, he was a *chargé de mission* with the Secretary of State for Health and Social Security (Hervé Gaymard). From 1997 to 2002, he was Deputy Director to Serge Kampf and the Management Board of Capgemini then Group Chief Financial Officer, before being appointed Deputy Chief Executive Officer in charge of Finance at Capgemini Ernst & Young. From May 2002 to June 2004, he was Deputy General Secretary of the French Presidency under Jacques Chirac, in charge of economic and financial affairs. From October 2004 to May 2008 he was Senior Advisor at McKinsey and served as Chairman of the Supervisory Board of Areva from March 2005 to April 2009. From June 2008 to April 2009, he was a member of the Supervisory Board of Wendel where he has also served as Chairman of the Management Board since April 7, 2009. Frédéric Lemoine is a graduate of the École des hautes études commerciales (HEC) (1986) and the Institut d'études politiques de Paris (1987). He is a former student of the École nationale d'administration and senior civil servant (*inspecteur des finances*).

(1) Listed company.

(2) At December 31, 2016.

#### Current positions <sup>(2)</sup>

Chairman of the Management Board of Wendel <sup>(1)</sup>

Director of Compagnie Saint-Gobain <sup>(1)</sup>, Centre Pompidou-Metz and Insead

Chairman of the Supervisory Board of Oranje-Nassau Groep and Constantia Flexibles

Chairman of the Board of Directors of Trief Corporation

#### Positions no longer held (but held in the last five years)

Director of Flamel Technologies <sup>(1)</sup>, Groupama SA and Legrand <sup>(1)</sup>

### STÉPHANE BACQUAERT

Stéphane Bacquaert, a member of the Supervisory Board of the Company since June 2008, was appointed a Director on June 3, 2009 when the Company's governance and management structure changed. He began his career as a strategy consultant at Bain & Company in Europe and Latin America. He later joined Netscapital, a merchant bank specialized in media and information technologies, as Chief Executive Officer. He was made Partner in charge of the Paris office of Atlas Venture, an international venture capital firm. He joined the Wendel group in June 2005 and has been Managing Director since June 2008. Stéphane Bacquaert is a graduate of the École Centrale Paris and the Institut d'études politiques de Paris, and has an MBA from Harvard Business School.

#### Current positions <sup>(2)</sup>

Director of IHS, Saham group, SGI Africa and Tsebo Solutions Group Holdings

#### Positions no longer held (but held in the last five years)

Member of the Management Board of Materis Parent SARL and Winvest Conseil SARL

Director of Oranje-Nassau Mecatherm, Oranje-Nassau Développement SA Sicar and Winvest International SA Sicar

### STÉPHANIE BESNIER

Stéphanie Besnier was appointed a Director of the Company on October 18, 2016. At Wendel since 2007, Stéphanie Besnier began her career as a deputy officer in the Treasury department (international desk) of the French Ministry of Finance in 2003. Later, she worked for the agency managing the French State's equity holdings, where she was responsible for railway and shipping companies. Stéphanie Besnier graduated from the France's École Polytechnique, Corps des Ponts et Chaussées, as well as the École d'Économie de Paris.

#### Current positions <sup>(2)</sup>

Director of IHS

#### Positions no longer held (but held in the last five years)

None

## PATRICK BUFFET

Patrick Buffet, a member of the Supervisory Board of the Company since June 18, 2007, was appointed a Director on June 3, 2009 when the Company's governance and management structure changed. As an engineer from the Corps des Mines, he began his career at the Ministry of Industry in the field of energy and commodities. In 1986, he joined Entreprise Minière et Chimique as Director of Planning, Development and Management Control. He later became Chairman and Chief Executive Officer of the Agri-Food company Sanders. From 1991 to 1994, he was Advisor on Industry to the French President. In 1994, he joined the Suez group, first in Belgium as Director of Industrial Investments and Strategy for Société Générale de Belgique, before becoming Deputy Chief Executive Officer in 1998 and then Executive Officer and member of the Executive Committee of the Suez group as from 2001. Since April 2007, he has been Chairman and Chief Executive Officer of the metallurgy and mining group Eramet.

### Current positions <sup>(2)</sup>

Chairman and Chief Executive Officer of Eramet <sup>(1)</sup>

Director of Banimmo <sup>(1)</sup> (Belgium), Comilog, and Le Nickel (Eramet group)

Non-voting observer of Caravelle

### Positions no longer held (but held in the last five years)

Director of Rhodia <sup>(1)</sup>

Member of the Supervisory Board of Arcole Industries (until October 4, 2014)

## CLAUDE EHLINGER

Claude Ehlinger was appointed a Director of the Company on October 18, 2016. He joined Wendel on October 1, 2016 as Chief Executive Officer of Oranje-Nassau, Associate Director and member of the Investment Committee. He previously served as Deputy Chief Executive Officer of Louis Dreyfus Company, which he joined in July 2007 as Group Chief Financial Officer. From June 2014 to October 2015, he was acting Chief Executive Officer of Louis Dreyfus Company. Claude Ehlinger began his career at the Thomson group in 1985, before joining Finacor as Associate Director in 1987. From 1999 to 2003, he served as Chief Financial Officer at CCMX, and later Regional Financial Controller at Capgemini. He joined Eutelsat as Group Chief Financial Officer in June 2004, a position he held until July 2007. Claude Ehlinger is a graduate of the École des hautes études commerciales (HEC).

### Current positions <sup>(2)</sup>

Chief Executive Officer of Oranje-Nassau

Director of E 17 S.A. SICAR, GP 17 S.A. SICAR, OND S.A. SICAR, WI S.A. SICAR, Trief Corporation S.A. and Winvest Conseil S.A.

### Positions no longer held (but held in the last five years)

Chief Executive Officer of Dreyfus Company France

Executive Vice-President of Louis Dreyfus Company Holding Inc.

Chairman of the Board of Directors of Louis Dreyfus Company Brasil S.A., Louis Dreyfus Company Sucos S.A. and Biosev S.A.

Director of NL Participations Holding 1, NL Participations Holding 2, NL Participations Holding 3, NL Participations Holding 4, Sugar Holdings BV, Green Eagle Plantations Pte Ltd, Green Eagle Palm

Ltd, Louis Dreyfus Company B.V. and Louis Dreyfus Company Asia Pte. Ltd.

Managing Director of Louis Dreyfus Company Netherlands Holding B.V., Louis Dreyfus Company Holdings B.V., Plantation Holdings B.V. and Louis Dreyfus Company Participations B.V.

## NICOLETTA GIADROSSI

Nicoletta Giadrossi was appointed a Director of the Company on May 22, 2013. She has been a Director of Fincantieri, an Italian shipbuilding company listed on the MIB, since 2016, and a Director of the Faiveley Transport group, a rail equipment manufacturing company, since 2011. Up to 2013, she served on the Board of Aker Solutions, a Norwegian engineering company listed on the OSX, and as advisor (*consigliere*) on the Board of Ateneo de Trieste, in Italy. She is also Senior Advisor for Bain Capital Partners. Nicoletta Giadrossi previously held various executive roles in the oil and capital goods industries, including Chairman, Europe, Africa, India and Russia for Technip from 2014 to 2016; Executive VP of Operations at Aker Solutions up to 2014; VP and General Manager, EMEA of Dresser Rand-Siemens up to 2012; and General Manager GE Oil & Gas Downstream up to 2008. She began her career at Boston Consulting Group and holds a BA in Mathematics and Economics from Yale University and an MBA from Harvard Business School.

### Current positions <sup>(2)</sup>

Director of Faiveley Transport <sup>(1)</sup>, Cairn Energy Plc (Edinburgh, UK) <sup>(1)</sup> as of January 10, 2017 and Fincantieri

### Positions no longer held (but held in the last five years)

Member of the Board of Directors of Aker Solutions Asa

Chairman of Dresser-Rand SA and Technip France SAS

## IEDA GOMES YELL

Ieda Gomes Yell was appointed a Director of the Company on May 22, 2013. She has held a variety of senior positions at BP, including Vice-President of New Ventures at BP Integrated Supply and Trading (2004-2011), President of BP Brazil (2000-2002), Vice-President of Regulatory Affairs (1999-2000), Vice-President of Market Development at BP Solar (2002-2004) and Vice-President of Pan American Energy (1998-1999). Prior to BP, she was CEO of Brazil's largest gas distribution company, Comgás (1995-1998). She has also held several executive-level positions in industry trade associations (the Brazilian Association of Infrastructure, the International Gas Union, the US Civil Engineering Foundation and the Brazilian Association of Gas Distribution Companies). Ieda Gomes Yell is Director of the Department of Infrastructure – DEINFRA (Advisory Board) of FIESP (Sao Paulo Industry Federation), member of the Advisory Board of Companhia de Gás de S. Paulo (Comgás), and a Visiting Fellow at the Oxford Institute of Energy Studies and Fundação Getulio Vargas Energia. She has a BSc in Chemical Engineering from the Federal University of Bahia (1977), and an MSc in Energy from the University of São Paulo (1996) and in Environmental Engineering from the École polytechnique fédérale de Lausanne (1978).

### Current positions <sup>(2)</sup>

Managing Director of Energix Strategy Ltd.

Director of Saint Gobain <sup>(1)</sup>, InterEnergy Holdings and Exterran Corporation

Councilor of the Brazilian Chamber of Commerce in Great Britain

(1) Listed company.

(2) At December 31, 2016.

**Positions no longer held (but held in the last five years)**

Vice-President of New Ventures and NGLs (BP Integrated Supply & Trading)

Member of the Board of BP Brasil Ltd. and BP Egypt Investments Ltd.

Independent Chair of British Taekwondo Ltd. until June 30, 2016

**SIÂN HERBERT JONES**

Siân Herbert-Jones was appointed as Director of the Company on May 17, 2016. She began her career at PricewaterhouseCoopers' London office where she served as Corporate Finance Director from 1983 to 1993. In 1993, she joined the firm's Paris office as Director in the Merger & Acquisitions department. In 1995 she joined the Sodexo group, where she headed up international development between 1995 and 1998, Group treasury from 1998 to 2000 and Deputy Chief Financial Officer in 2000. She served as Chief Financial Officer of the Sodexo group from 2001 to March 2016.

Siân Herbert-Jones holds an MA in history from Oxford University and is a Chartered Accountant in the United Kingdom.

**Current positions <sup>(2)</sup>**

Director of Air Liquide SA <sup>(1)</sup> (Chairman of the Audit and Accounts Committee), Cap Gemini SA <sup>(1)</sup> (since May 2016) and Compagnie Financière Aurore International (Sodexo group subsidiary) (since February 2016)

**Positions no longer held (but held in the last five years)**

Chief Financial Officer and member of the Executive Committee of the Sodexo group (until December 2015)

Chairman of Etin SAS, Sodexo Etinbis SAS and Sofinsod SAS

Director of Sodexo Awards Co, Sodexo Japan Kabushiki Kaisha Ltd., Sodexo Mexico SA de CV, Sodexo Mexico Servicios de Personal SA de CV, Sodexo Remote Sites the Netherlands BV, Sodexo Remote Sites Europe Ltd., Universal Sodexo Eurasia Ltd., Sodexo, Inc., Sodexo Management, Inc., Sodexo Remote Sites USA, Inc., Sodexo Services Enterprises LLC, Universal Sodexo Services de Venezuela SA, Universal Sodexo Empresa de Servicios y Campamentos SA, Sodexo Global Services UK Ltd., Sodexo Remote Sites Support Services Ltd., Universal Sodexo Kazakhstan Ltd., Universal Sodexo Euroasia Ltd., Sodexo Motivation Solutions Mexico SA de CV and Sodexo Motivation Solutions UK Ltd.

Member of the Executive Board: Sodexo en France SAS, Sodexo Entreprises SAS, Sodexo Pass International SAS, One SAS

Permanent representative of Sofinsod SAS on the Supervisory Board of One SCA

**PIERRE HESSLER**

Pierre Hessler, Chairman of the Supervisory Board from 2002 to 2005 and Vice-Chairman of the Supervisory Board since June 2005, was appointed a Director of the Company and Chairman of the Nomination & Compensation Committee on June 3, 2009 when the Company's governance and management structure changed. Pierre Hessler began his career at IBM where he spent approximately 27 years, holding positions at IBM Switzerland (from 1965 to 1980) where he was Director of Agencies in the computer field, then IBM Europe from 1980 to 1993 where he served as Director of

Operations, Director of Marketing and Services, Regional General Director, Chairman of IBM France and General Director of Operations, Marketing and Services. From 1982 to 1984, he held positions as Director of Development at IBM Corporation, then as Director of Corporate Marketing from 1989 to 1991, and finally IBM Vice-President. In 1993, he joined Capgemini where he served in various executive management roles, including Chairman and Chief Executive Officer of Gemini Consulting, member of the Management Board, and Executive Officer, then Director, in 2000. Pierre Hessler is currently manager of Actideas and adviser to Capgemini. He holds a Bachelor's degree in Law and Political Economy from the University of Lausanne in Switzerland.

**Current positions <sup>(2)</sup>**

Advisor to Capgemini Government Solutions, Washington

Manager of Actideas SARL

**Positions no longer held (but held in the last five years)**

Non-voting observer of Capgemini SA <sup>(1)</sup>

Chairman of the Supervisory Board of Capgemini Sd&M (Germany)

Director of A Novo Paris <sup>(1)</sup> and of various companies in the Capgemini group

Manager of Médias holding SARL and Médias SARL

**PASCAL LEBARD**

Pascal Lebard was co-opted as a Director of the Company by the Board of Directors on December 13, 2013. He began his career as Business Manager at Crédit Commercial de France (1986-1989), before joining 3i SA as Associate Director (1989-1991). In 1991, he became Director of Ifint, now Exor group (the Agnelli group). In 2003, he joined Worms & Cie (which became Sequana in 2005) as a member of the Supervisory Board (2003-2004) and as a member and then Chairman of the Management Board (2004-2005). He became Deputy Managing Director of Sequana in 2005 then Chief Executive Officer in 2007. He was appointed Chairman and Chief Executive Officer in June 2013. Pascal Lebard is a graduate of EDHEC business school.

**Current positions <sup>(2)</sup>**

Chairman and Chief Executive Officer of Sequana <sup>(1)</sup>

Director of CEPI (Confederation of European Paper Industries) (Belgium) and Lisi <sup>(1)</sup>

Chairman of DLMD SAS and of Pascal Lebard Invest SAS

**Positions held in subsidiaries of the Sequana group**

Chairman of Arjowiggins, Antalis International, Antalis Asia Pacific Ltd. (Singapore), ArjoWiggins Paper Trading (Shanghai) Co Ltd. (China), Arjowiggins Security, Arjobex and Boccaffin SAS

Director of Arjowiggins HKK1 Ltd. and Permal group Ltd. (Great Britain)

**Positions no longer held (but held in the last five years)**

Chairman of Fromageries de l'Étoile SAS and Étoile Plus SAS

Director of Club Méditerranée <sup>(1)</sup> (until end-October 2015), SGS (Switzerland, 2004-2009), Greysac (formerly Domaines Codem), and Taminco (USA) (until December 31, 2014)

Member of the Supervisory Board of Ofi Private Equity Capital and Eurazeo PME (until December 31, 2014)

(1) Listed company.

(2) At December 31, 2016.

## JEAN-MICHEL ROPERT

Jean-Michel Ropert, a member of the Supervisory Board since December 2005, was appointed a Director of the Company on June 3, 2009 when the Company's governance and management structure changed. He joined the Wendel group in 1989 where he successively occupied various positions within the accounting, consolidation and treasury teams, before becoming Chief Financial Officer in 2002. From 2013 to September 2015, he served as Wendel's Group Vice-President in charge of Finance. Jean-Michel Ropert holds a degree in Finance and Accounting (DECF).

### Current positions <sup>(2)</sup>

None

### Positions no longer held (but held in the last five years)

Chairman of the Board of Directors of Grauggen, Hourggen, Ireggen, Jeurggen (Luxembourg) and Sofisamc (Switzerland)

Executive Officer of Coba

Member of the Supervisory Board (employee representative) of Wendel <sup>(1)</sup> (until September 30, 2015) and Oranje-Nassau Groep BV (Netherlands)

Director of Deutsch group, Exceet, Stahl Lux2, Stahl group BV, Trief Corporation, Winvest Part BV, Stahl Holdings BV (Netherlands) and Union+

Director and Executive Officer of COBA

Chairman of Winvest 11 SAS, Stahl Group SA, Win Sécurisation and Sofisamc (Switzerland)

Chief Executive Officer and Director of Sofiservice

Member of the Winvest Conseil and Materis Parent SARL Management Board (Luxembourg)

## LUCIA SINAPI-THOMAS

Lucia Sinapi was appointed as Director of the Company on May 22, 2013. She graduated from ESSEC business school (1986) and Paris Law University (1988), was admitted to the Paris bar (1989), and has a financial analyst degree (SFAF 1997). She started her career as a tax and business lawyer in 1986, before joining Capgemini in 1992. She has more than 20 years of experience within Capgemini group, successively as Group Tax Advisor (1992), Head of Corporate Finance, Treasury and Investor Relations (1999), extended to Risk Management and Insurance (2005), and member of the Group Engagement Board. Lucia Sinapi-Thomas was Deputy Chief Financial Officer from 2013 until December 31, 2015. She is currently Executive Director Business Platforms at Capgemini group.

She has been a member of the Board of Directors of Dassault Aviation since May 15, 2014, and is also a member of the company's Audit Committee. She joined the Board of Directors of Cap Gemini SA on May 24, 2012 and has been a member of the group's Compensation Committee since June 20, 2012.

### Current positions <sup>(2)</sup>

Chairman of Capgemini Employees Worldwide

Director of Cap Gemini SA <sup>(1)</sup>, Sogeti Sverige AB (Sweden), Sogeti Sverige MITT AB (Sweden), Capgemini Sogeti Danmark AS (Denmark), Sogeti Norge A/S (Norway), Sogeti SA (Belgium) and Capgemini Polska Sp zoo. (Poland) and Capgemini Business Services (Guatemala).

Director of Dassault Aviation <sup>(1)</sup>

### Positions no longer held (but held in the last five years)

Director of Sogeti Danmark AS (Denmark) (until May 21, 2014), Euriware SA (until the merger of Euriware SA into CG France SAS on July 23, 2015) and Capgemini Reinsurance International (Luxembourg) until March 24, 2016.

## 3.1.2 Executive Management

Didier Michaud-Daniel has been Chief Executive Officer of the Company since March 1, 2012.

Name	Age <sup>(2)</sup>	Nationality	Main business address	Position	Main function	Start of term of office	End of term of office	Shares held <sup>(2)</sup>
Didier Michaud-Daniel	58 years old	French	Bureau Veritas Immeuble Newtime 40/52, boulevard du Parc 92200 Neuilly-sur-Seine France	Chief Executive Officer	Chief Executive Officer, Bureau Veritas	Appointed Chief Executive Officer on February 13, 2012 with effect from March 1, 2012 Reappointed February 23, 2017 with effect from March 1, 2017	February 28, 2022	249,200

### Expertise and experience in corporate management of the Chief Executive Officer and positions held over the last five years

Didier Michaud-Daniel began his professional career at Otis in 1981 as a technical salesperson and later worked in a number of roles in sales management and operational support. In 1991, he was appointed Chief Operating Officer of Otis France, and in 1992 was promoted to Chief Operating Officer in Paris and Sales Director. He was named Deputy Chief Executive Officer in charge of Operations in January 1998. From September 2001 to August 2004, Didier Michaud-Daniel served as Chief Executive

Officer of Otis UK and Ireland, after 20 years of service at Otis France. He was Chairman of Otis for the UK, Germany and Central Europe region from August 2004 to May 2008, until his appointment as Chairman of Otis Elevator Company in May 2008. Didier Michaud-Daniel holds a degree in management from the École supérieure de commerce de Poitiers and is a graduate of INSEAD.

(1) Listed company.

(2) At December 31, 2016.

**Current positions <sup>(1)</sup>**

None

**Positions held within the Group**

Chairman of Bureau Veritas International SAS

**Positions no longer held (but held in the last five years)**

Chairman of Otis

Member of the Board of Directors of Kingswood Oxford School and Hartford HealthCare

**Convictions for fraud, public accusations and/or public sanctions, or liability for bankruptcy within the last five years**

As far as the Company is aware, none of the Directors or the Chief Executive Officer have been, within the last five years, (i) convicted of fraud or been subject to an official accusation or penalty delivered by legal or administrative authorities; (ii) involved in a bankruptcy, receivership or liquidation; or (iii) prohibited by a court from acting as a member of an

administrative, management or supervisory body of a company, or from participating in the management or conduct of a company's business.

Furthermore, there are no family relationships linking Corporate Officers (Directors and the Chief Executive Officer).

**Agreements in which Directors and the Chief Executive Officer are interested parties and conflicts of interest**

The Directors and the Chief Executive Officer are required to promptly inform the Chairman of the Board of Directors of any related-party agreements that may exist between companies in which they have an interest, whether directly or through an intermediary, and the Company. The Directors and the Chief Executive Officer are required to notify the Board of Directors of any agreement, referred to under articles L. 225-38 et seq. of the French Commercial Code (*Code de commerce*), to be entered into between themselves or a company in which they are managers or which they own, directly or indirectly, a significant shareholding, and the Company or one of its subsidiaries. If any such agreement exists, the person(s) concerned will abstain from participating in discussions and all decision-making on related matters. These provisions do not apply to agreements entered in the ordinary course of business and under arm's length conditions.

With the exception of related-party agreements and commitments that were entered into or remained in effect during 2016 and presented in the section on related-party transactions in Chapter 6 of this Registration document – "Information on the Company and the capital", the Company is not aware of any other potential conflicts of interest between the duties of the Directors and the Chief Executive Officer with regard to Bureau Veritas and their personal interests and/or other duties.

In order to prevent any potential conflicts of interest, the Directors and the Chief Executive Officer are required to complete

a signed declaration each year describing any direct or indirect links of any kind they may have with the Company. To date, none of these declarations has revealed any existing or potential conflict of interest between the Chief Executive Officer or a Director and the Company. In cases where a business relationship is under consideration between (i) the Company or the Group and (ii) directly or indirectly a Director or the Chief Executive Officer, the procedure governing related-party agreements as set forth in articles L. 225-38 et seq. of the French Commercial Code, is followed. The Board's Internal Regulations set out the rules for managing conflicts of interest.

The members of the Board of Directors are not subject to any contractual restrictions regarding the shares they own in the Company, except for the closed and black-out periods as defined in the Group's Stock Market Ethics Charter. However, under article 14.1, paragraph 2 of the By-laws, members of the Board of Directors are required to hold a minimum of 1,200 shares throughout their term of office.

In addition to the prohibition referred to in the stock subscription or performance option and performance share plans, the Chief Executive Officer formally agreed not to use hedging instruments for the shares he holds in the Company throughout his term of office. He is also required to observe the restrictions regarding closed and black-out periods.

(1) At December 31, 2016.

### 3.1.3 Executive Committee

The Executive Committee is the Group's management body. Chaired by the Chief Executive Officer, it includes the managers of Group divisions (Marine & Offshore, Consumer Products) and the heads of the main regions for the Commodities, Industry & Facilities <sup>(1)</sup> division and for the support functions.

The Executive Committee examines and approves issues and decisions relating to the Group's strategy and general organization. It adopts the policies and procedures to be applied across the Group. Each Operating Group has its own Executive Committee.

At the publication date of this Registration document, the Executive Committee had nine members:

- Olivier Butler, Consumer Products;
- Eduardo Camargo, Commodities, Industry & Facilities – Latin America;
- Juliano Cardoso, Commodities, Industry & Facilities – Africa, Middle East, Asia and Pacific;
- Natalia Shuman, Commodities, Industry & Facilities – North America;
- Jacques Lubetzki, Commodities, Industry & Facilities – Europe;
- Nicolas Tissot, Finance and Legal Affairs;
- Xavier Savigny, Human Resources;
- Didier Michaud-Daniel, Chief Executive Officer;
- Philippe Donche-Gay, Senior Executive Vice President;

(1) The Commodities, Industry & Facilities division created on January 1, 2016 includes the Commodities, Industry, Inspection & In-Service Verification and Certification businesses.

## 3.2 Report of the Chairman of the Board of Directors

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Pursuant to article L. 225-37, paragraph 6, of the French Commercial Code, this report contains details of the composition of the Board of Directors, the application of the principle of gender balance among its members, the conditions governing the preparation and organization of the Board's work in 2016 and the internal control and risk management procedures implemented by the Company.

It also specifies the principles and rules laid down by the Board of Directors for determining the compensation and benefits in-kind granted to Corporate Officers, special terms relating to the participation of shareholders in Shareholders' Meetings, and the Corporate Governance Code to which the Company refers. It also mentions the publication of information provided for under article L. 225-100-3 of the French Commercial Code.

This report, drawn up under the responsibility of the Chairman of the Board of Directors pursuant to article L. 225-37 of the French Commercial Code, has been prepared with the assistance of the Internal Audit & Acquisitions Services department, which referred in particular to the AMF's final report on audit committees dated July 22, 2010 and the AMF's studies and recommendations on Chairman's reports on internal control and risk management procedures; the Finance department; and the Legal, Risk & Compliance department. The report was reviewed by the Audit and Risk Committee at its meetings of December 15, 2016 and January 23, 2017, and by the Nomination and Compensation Committee at its meetings of December 16, 2016 and January 23, 2017. It was reviewed in draft form by the Board of Directors on December 16, 2016 and then approved at the meeting of February 23, 2017.

### 3.2.1 Corporate Governance Code

At its meeting on December 16, 2008, the Company's Supervisory Board considered that the Company's corporate governance arrangements were consistent with the AFEP-MEDEF recommendations of October 6, 2008 on executive compensation for listed companies and decided that the Company would refer to the Corporate Governance Code of Listed Corporations published by AFEP and MEDEF. The amended version of this code dated November 2016 introduces new provisions on governance (strengthening of the Board's role in terms of strategy, director

independence, reference to CSR policy) and on pay ("AFEP-MEDEF Code").

The Code can be downloaded from the MEDEF website: [www.medef.fr](http://www.medef.fr). It can also be obtained from the Company's registered office.

Pursuant to article L. 225-37 of the French Commercial Code, this report details the provisions of the AFEP-MEDEF code that the Group has not complied with and the reasons for these exceptions in the table below.

**AFEP-MEDEF recommendations**

**Evaluation of the Board of Directors**

(section 9.2 of the Code)

The evaluation should consider the actual contribution of each Director to the Board's work.

**Bureau Veritas practices/explanations**

During the annual evaluation of the Board of Directors and its Committees, each Director is asked about the organization of the Board's work, at which time he/she has the opportunity to discuss any problems. Any Directors who so wish can therefore freely express their opinion on the actual individual contributions of each Director within the scope of their discussions with the Chairman of the Nomination & Compensation Committee or the specialist firm in charge of the evaluation. The Nomination & Compensation Committee and subsequently the Board evaluate each Director's contribution and how well their profiles match the Company's needs on renewing the terms of office of Directors and Committee members. Given the positive findings of the evaluation, with individual contributions generally found to be satisfactory, to date the Board has not expressed a wish to conduct a formal evaluation of each Director's contribution, since it considers this could adversely affect the culture of trust.

**Composition of the Audit & Risk Committee** (section 15.1 of the Code).

Two-thirds of the members of the Audit & Risk Committee must be independent directors.

Besides the independence criterion, and in view of the composition of the Board, Directors are selected primarily based on their experience and expertise, particularly in the fields of finance, accounting and risk management. Even though the proportion of two-thirds of independent members has not been observed, two of the four members including the Chairman of the Committee are independent.

The Company intends take steps to follow this recommendation after the close of the 2017 Annual Shareholders' Meeting.

**Independent directors**

(section 8.5.6 of the Code)

Directors cannot be members of the Board for more than 12 years.

In 2015 when his term of office was up for renewal, the Board of Directors carefully examined the situation of Pierre Hessler with regard to the AFEP-MEDEF code, which recommends "not to have been a Director of the corporation for more than twelve years".

It noted that Pierre Hessler's seniority on the Board granted him a more extensive ability to understand the issues and risks at hand, and to question Executive Management, added weight to the opinions he expressed and enabled him to formulate balanced and objective judgments, regardless of the circumstances, with regard to Executive Management. Pierre Hessler's ability to think critically during debates and decision making by the Board, his personality, skills, leadership and commitment, which are widely recognized by the Company's shareholders, 98.79% of whom voted to approve the renewal of his term of office on May 17, 2016, also illustrate his independence of spirit.

The Board also considered that the attention that Pierre Hessler always paid to the proper organization of the Board's work as Chairman of the Nomination & Compensation Committee, in particular within the scope of the annual evaluations and the appointment and renewal of terms of office of independent directors, is essential.

These qualities, combined with a strong grasp of the challenges faced by the Company, make a major contribution to the Board's deliberations and to the contextualization of its decisions.

The Board of Directors had therefore considered that the 12-year criterion set out in the Code was not sufficient to automatically disqualify a Director as an independent director and therefore had decided not to apply it in these circumstances. The Board of Directors' meeting of December 16, 2016 confirmed its position.

**Stock purchase options and performance shares** (section 24.3.3 of the Code)

The resolution authorizing the award plan submitted to a vote at the Shareholders' Meeting must mention the maximum percentage of options and performance shares that can be awarded to Corporate Officers in the form of an award sub-ceiling.

Although the ceiling for stock option and performance shares expressed as a percentage of capital is not defined in the resolutions, the Board ensures that there is a fair balance between these awards and the Company's capital, the Chief Executive Officer's compensation and the total number of stock options and performance shares awarded.

The Company will comply with this recommendation on renewing the resolutions authorizing stock option and performance share plans at its 2018 Annual Shareholders' Meeting.

**Stock purchase options and performance shares** (section 24.3.3 of the Code)

Stock options and performance shares valued using the method applied in the consolidated financial statements must represent a proportionate percentage of the aggregate of all compensation, options and shares awarded. The Board shall set the maximum percentage of compensation that any such awards can represent.

Based on each company's particular situation (size, industry, scope of award, number of senior executives, etc.) and in relation to the aggregate award approved by the shareholders, the Board shall set the maximum percentage of options and performance shares that may be awarded to Corporate Officers.

The amounts awarded are closely monitored and reassessed for each new plan in line with changes in the Bureau Veritas share price.

### 3.2.2 Composition of the Board of Directors and conditions governing the preparation and organization of the Board's work

#### Composition of the Board of Directors

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As part of efforts to diversify the Board, and in particular to increase the proportion of women and non-French members, in 2016 the Board appointed Siân Herbert-Jones, Stéphanie Besnier and Claude Ehlinger as Directors. One of these three new members of the Board is classified as an independent director. The new directors have received a comprehensive integration briefing.

At December 31, 2016, the Board of Directors of the Company therefore had 13 members: Frédéric Lemoine, Chairman of the Board of Directors, Stéphane Bacquaert, Stéphanie Besnier, Patrick Buffet, Aldo Cardoso, Claude Ehlinger, Nicoletta Giadrossi, Ieda Gomes Yell, Siân Herbert-Jones, Pierre Hessler, Pascal Lebard, Jean-Michel Ropert and Lucia Sinapi-Thomas.

The Company has not appointed an employee Director since it is exempt as the subsidiary of a company required to appoint an employee Director within the meaning of article L. 225-27-1, paragraph 1 of the French Commercial Code. Nonetheless, four representatives of the Works Council were invited to attend the meetings of the Board of Directors until December 31, 2016.

At its meeting of December 16, 2016 and based on the recommendation of the Nomination & Compensation Committee's meeting held on the same day, the Board of Directors considered the independence of its members with regard to (i) the definition set out in the AFEP-MEDEF code, specifically "a Director is independent if he or she has no relationship of any kind whatsoever with the company, its Group or its Management of either that may interfere with his or her freedom of judgment" and (ii) the following criteria:

- not to be, or not to have been over the previous five years:
  - an employee or Executive Officer of the Company;
  - an employee, Executive Officer or Director of a company consolidated by the Company;
  - an employee, Executive Officer or Director of the Company's parent company or of a company consolidated by the parent company;
- not to be an Executive Officer of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee is appointed as such or an Executive Officer of the Company (currently in office or having held such office in the previous five years) is a Director;
- not to be a client, supplier, investment banker or commercial banker:
  - that is significant for the Company or its Group; or
  - that has a significant part of its business with the Company or its Group;
- not to be related by close family ties to a Corporate Officer of the Company or its Group;
- not to have been a Statutory Auditor of the Company, or of a Group company within the previous five years;
- not to have been a Director of the Company for more than 12 years.

Corporate Officers cannot be considered independent if they receive variable cash compensation, securities or any performance-based compensation from the Company or the Group.

To determine the material or non-material nature of any business relations with the Company or Group, the Board conducted a quantitative and qualitative review of the situation of each independent director concerned.

In this context, and acting on the recommendation of the Nomination & Compensation Committee, in determining the non-material and non-conflicting nature of the business relations between the Company and Saint-Gobain and Capgemini, the Board used as a criterion the importance or "intensity" of the relationship with regard to (i) revenue generated in 2016 between Group companies and the companies of the Group in which the Director also holds office, and (ii) the absence of economic dependency or exclusivity between the parties.

Having noted the absence of economic dependency between the parties and that the revenue generated with these companies represents less than 1% of the Group's consolidated revenue, the Board concluded that business relations between Bureau Veritas and Saint-Gobain and Capgemini were not likely to call into question the respective classification of Ieda Gomes Yell and Siân Herbert-Jones as independent directors.

The Board of Directors may decide that a Director does not qualify as independent, even if the above criteria are met, in light of his/her specific situation or that of the Company with regard to its shareholder base, or for any other reason. Conversely, the Board may deem a Director to be independent even if the above criteria are not met.

Last year, the Board of Directors also carefully examined the situation of Pierre Hessler with regard to the AFEP-MEDEF Code, which recommends "*not to have been a Director of the corporation for more than 12 years*". It considered that this criterion alone was not sufficient to automatically disqualify Pierre Hessler as an independent director and decided not to apply it for the reasons set out in section 3.2.1 above. The Board of Directors' meeting of December 16, 2016 confirmed its position.

Based on the definition and the criteria cited in the Code, seven of the thirteen Directors were classified as independent: Patrick Buffet, Aldo Cardoso, Nicoletta Giadrossi, Ieda Gomes Yell, Siân Herbert-Jones, Pierre Hessler and Pascal Lebard.

At December 31, 2016, 54% of the members of the Board of Directors of Bureau Veritas were independent and 38% were women. By the end of the 2017 Annual Shareholders' Meeting at the latest, more than 40% of the Board members will be women.

The table below summarizes the situation of each Director with regard to the independence criteria.

### Situation of Directors with regard to the independence criteria set out in the AFEP-MEDEF code <sup>(1)</sup>

First name, last name	Aldo Cardoso	Frédéric Lemoine	Stéphane Bacquaert	Stéphanie Besnier	Patrick Buffet	Claude Ehlinger
Position held in the Company	Chairman of the Board of Directors	Vice-Chairman of the Board of Directors	Director	Director	Director	Director
First appointed	June 3, 2009	April 14, 2009	June 2, 2008	October 18, 2016	June 18, 2007	October 18, 2016
End of term of office	2018 AOSM	2017 AOSM	2017 AOSM	2020 AOSM	2017 AOSM	2020 AOSM
Total time in office	7 years	7 years	8 years	2 months	9 years	2 months
<b>AFEP-MEDEF independence criteria</b>						
Not to be, or not to have been over the previous five years: - an employee or an Executive Officer of the Company, - an employee, an Executive Officer or Director of a company consolidated by the Company, - an employee, an Executive Officer or Director of the Company's parent company or of a company consolidated by the parent company.	√	Chairman of the Management Board of Wendel	Managing Director of Wendel Africa	Senior Director at Wendel	√	Chief Executive Officer of Oranje-Nassau, Associate Director and member of the Investment Committee of Wendel
Not to be an Executive Officer of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee is appointed as such or an Executive Officer of the Company (currently in office or having held such office in the previous five years) is a Director.	√	√	√	√	√	√
Not to be a client, supplier, investment banker or commercial banker: - that is significant for the Company or its Group; or - that has a significant part of its business with the Company or its Group.	√	√	√	√	√	√
Not to be related by close family ties to a Corporate Officer of the Company or its Group.	√	√	√	√	√	√
Not to have been a Statutory Auditor of the Company, or of a Group company within the previous five years	√	√	√	√	√	√
Not to have been a Director of the Company for more than 12 years.	√	√	√	√	√	√
Not to receive or have received variable cash compensation, securities or any other performance-based compensation from the Company or the Group.	√	√	√	√	√	√

The composition of the Board of Directors is set out in the section discussing the Board of Directors in this chapter. This section includes information on nationality, age, business address, positions within the Company, main functions, start and end dates of terms of office, detailed biographies and a list of positions held by the Directors over the previous five years.

(1) At the publication date of this Registration document.

<b>Nicoletta Giadrossi</b>	<b>Ieda Gomes Yell</b>	<b>Siân Herbert-Jones</b>	<b>Pierre Hessler</b>	<b>Pascal Lebard</b>	<b>Jean-Michel Ropert</b>	<b>Lucia Sinapi-Thomas</b>
Director	Director	Director	Director	Director	Director	Director
May 22, 2013	May 22, 2013	May 17, 2016	June 19, 2002	Dec. 13, 2013	Dec. 21, 2005	May 22, 2013
2017 AOSM	2017 AOSM	2020 AOSM	2019 AOSM	2018 AOSM	2017 AOSM	2017 AOSM
3 years	3 years	7 months	14 years	3 years	11 years	3 years
√	√	√	√	√	Employee of Wendel during the past five years	Director recommended by Wendel
√	√	√	√	√	√	√
√	√	√	√	√	√	√
√	√	√	√	√	√	√
√	√	√	√	√	√	√
√	√	√	√	√	√	√
√	√	√	X	√	√	√

## Conditions governing the preparation and organization of the work of the Board of Directors

### Framework for the work of the Board of Directors

The conditions governing the preparation and organization of the work of the Board of Directors are set out in the Board's Internal Regulations which were last updated on May 20, 2015. These Internal Regulations represent the Governance Charter for Directors.

The Board of Directors meets as often as needed in the interests of the Company and meetings are convened by its Chairman.

The provisional annual schedule of Board of Directors' meetings (excluding extraordinary meetings) is drawn up and sent out to each member before the end of each financial year.

As well as mandatory Board meetings held to authorize the annual and interim financial statements for issue, meetings are held to prepare the Annual Shareholders' Meeting and the Registration document or in the normal course of business (planned acquisitions, deposits, endorsements and guarantees, authorizations to be given pursuant to the internal governance rules set out in article 1.1 of the Internal Regulations of the Board of Directors).

The Statutory Auditors are invited to meetings of the Board held to authorize the annual and interim financial statements.

Each year, a meeting is held without the Chief Executive Officer. In addition, the Directors may meet with the Company's key executives without the Chief Executive Officer, who is notified of the meeting in advance.

For each meeting, a file covering the items on the agenda is prepared and sent to each member a few days before the meeting to allow prior examination of documents by the Directors.

During meetings, members of Executive Management give a detailed presentation of the items on the agenda. Generally speaking, each Director is sent all the information needed to carry out his/her duties and can ask Executive Management to provide him/her with any useful documents (including any critical information about the Company). Questions may be asked during presentations and these are followed by discussions before a vote is taken. Detailed minutes in draft form, summarizing the discussions and questions raised and noting the decisions and reservations made, are then sent to members for examination and comment before being formally approved by the Board of Directors.

The Directors may also be provided with useful information about the life of the Company at any time if such information is considered important or urgent.

### Internal Regulations of the Board of Directors

The Board's Internal Regulations are intended to lay down how it organizes its work, in addition to the relevant legal, regulatory and statutory provisions, and were adopted at the Board of Directors' meeting of June 3, 2009. They are reviewed and regularly updated by the Board of Directors. The Internal Regulations were updated at the Board of Directors' meetings of August 25, 2010 and May 27, 2011, respectively to take into account changes made to the limitations imposed on the powers of the Chief Executive Officer and executive officers concerning the authorization threshold for planned acquisitions. This was increased from €5 million to €10 million, while the minimum number of Company shares to be held by a Director was raised from 100 to 300. The Internal Regulations were updated again in June, July and November 2013 to reflect (i) the four-for-one stock split and the resulting change in the minimum number of shares in the Company to be held by each Director (i.e., 1,200) and (ii) the June 2013 amendments to the AFEP-MEDEF code. They were also updated in May 2015 to restrict the limitations imposed on the powers of the Chief Executive Officer as regards strictly internal

reorganizations and to amend the article on the length of Directors' terms of office following the amendment to article 14.3, paragraph 2 of the By-laws by the Shareholders' Meeting of May 20, 2015.

The Internal Regulations state that the Board of Directors determines the strategic direction of the Company's business and ensures that this is adhered to. Subject to powers granted expressly by law to Shareholders' Meetings and within the limits of the corporate purpose, the Board handles all issues related to the smooth running of the Company and resolves by deliberation all business matters concerning it.

The Internal Regulations are divided into five chapters, the main provisions of which are described below:

- the first chapter deals with the role of the Board of Directors and describes the conditions for holding Board meetings (e.g., meetings using telecommunications means), ethical rules and the Directors' Charter and Directors' compensation;
- the second chapter discusses rules on Director independence;
- the third and fourth chapters concern non-voting observers (*censeurs*) and the Board's Committees; and
- the last chapter deals with the terms and conditions applicable to amendments, entry-into-force and publication of the Internal Regulations and to the evaluation of the Board of Directors.

The Internal Regulations also stipulate the limitations imposed on the powers of Executive Management which are detailed in the section "limitations placed on the powers of the Chief Executive Officer by the Board of Directors" in this chapter. The Internal Regulations state in particular that any major strategic transactions or transactions that may have a material effect on the economic, financial or legal situation of the Company and/or Group and are not foreseen in the annual budget must receive prior approval from the Board.

Lastly, the Internal Regulations state that each Director shall be given all of the information needed to carry out his/her duties and can ask Executive Management to provide him/her with any useful documents.

### Stock Market Ethics Charter

The Company aims to ensure adherence to the recommendations issued by the stock market authorities in terms of managing the risks relating to the possession, disclosure and possible use of inside information.

The Company drew up a Stock Market Ethics Charter in 2008 and appointed a Group Compliance Officer. The purpose of this Stock Market Ethics Charter is to outline applicable regulations and to draw the attention of those concerned to (i) the laws and regulations in force regarding inside information, as well as the administrative sanctions and/or penalties for not complying with those laws and regulations, and (ii) the implementation of preventive measures that enable those concerned to invest in Bureau Veritas shares while in full compliance with the rules on market integrity.

The Stock Market Ethics Charter also stipulates a period beginning 30 days before the publication of the annual and half-year parent company and consolidated financial statements and ending the day after their publication, and a period beginning 15 days before the publication of quarterly financial information and ending the day after its publication, during which those concerned must abstain from any such transactions (black-out period).

The Charter was updated by the Board of Directors' meeting of December 16, 2016 following the entry into force of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation).

## Work of the Board of Directors

In 2016, the Company's Board of Directors met nine times with an attendance rate of 94%. Meetings lasted three hours on average.

With regard to financial and accounting matters, the Board of Directors approved the statutory and consolidated financial statements for 2015 and the first half of 2016 and reviewed revenue for the third quarter of 2016, together with the related financial reporting. It examined the Group's business activities and performance, along with management projections, the financial position, debt, cash and long-term financing. The Board also delegated authority to the Chief Executive Officer in respect of deposits, endorsements and guarantees. At its December 2016 meeting, the Board reviewed and approved the Group's budget for 2017.

With regard to governance matters, the Board of Directors considered the Company's compliance with the recommendations of the AFEP-MEDEF code and of the AMF regarding corporate governance and compensation for 2016, as well as "Say on Pay", and set the compensation of the Chief Executive Officer and the rules for allocating Directors' fees among the Directors. The Board considered appointments, changes and issues relating to succession planning within the Group's Executive Committee, as well as changes in the composition of the Board of Directors and its Committees to further its aim of strengthening diversity and the range of expertise as well as increasing the proportion of female and non-French members. On February 24, 2016, based on the financial statements for the year ended December 31, 2016, the Board of Directors noted that the performance conditions for the performance share and stock subscription and purchase option plans of July 22, 2013, July 16, 2014 and July 15, 2015 had been met. The Board of Directors also approved the report of its Chairman on corporate governance and on internal control and risk management procedures.

The Board of Directors, making use of the authority delegated to it by the Shareholders' Meeting, approved the performance share and stock purchase option plans put in place for managers and the Chief Executive Officer. It also authorized the Chief Executive Officer to implement the share buyback program and to renew the liquidity agreement. The Board of Directors reduced the Company's share capital by canceling treasury shares held in connection with the share buyback program. The Board approved the planned changes in the Company's legal organization as well as the six draft agreements setting out the terms and conditions of the partial asset contributions submitted to shareholders for approval on October 18, 2016.

With regard to strategic matters, the Board of Directors monitored implementation of the Group's strategy and approved the Group's major planned acquisitions.

In line with the action plan drawn up at the time of evaluating the work of the Board and its Committees in 2015, the format of financial information and the reports of the Board Chairman continued to evolve. An annual work program was also drawn up for the Board and its Committees. Consistent with the findings of previous evaluations, operational presentations were given to the Board by members of the Group's Executive Committee.

## Evaluation of the Board of Directors and its Committees

In accordance with the recommendations of the AFEP-MEDEF code and pursuant to article 5.4 of the Board of Directors' Internal Regulations, since 2009 the Company has evaluated the composition, organization and operation of the Board of Directors and its Committees.

The aim of this evaluation is to review the organization of the Board's work so as to make it more effective and ensure that important issues are properly prepared and discussed. Each year, the results of this evaluation are examined by the Nomination & Compensation Committee before being presented to the Board of Directors. The Board then examines its operation, composition and organization.

The Chairman of the Nomination & Compensation Committee is responsible for this evaluation, except in 2011 and 2014 when the evaluation was conducted by a specialist firm. The evaluation for 2016 was conducted based on individual meetings with each Director.

The results of this evaluation were presented for discussion to the Nomination & Compensation Committee before being presented to the Board of Directors at its meeting on February 23, 2017.

On the recommendation of the Nomination & Compensation Committee, the Board has defined an action plan outlining avenues for improvement in 2017: (i) changing the format of Board meetings to make them more interactive and analytically focused, (ii) organizing more frequent presentations to the Board on the different businesses and geographic areas, (iii) conducting a review during the year of the work of the Board and its Committees, (iv) regularly monitoring, at executive sessions, the action plan resulting from the evaluation of the Board and its Committees, and (v) continuing to improve the reports of the Chairmen of the Board's Committees.

The individual contribution of each Director to the work of the Board and the Board's Committees is not formally assessed during the annual evaluation. However, a meeting with each Director is held each year about the organization of the Board's work, during which the Board member has the opportunity to discuss any problems. Any Directors who so wish can therefore freely express their opinion on the actual individual contributions of each Director within the scope of their discussions with the Chairman of the Nomination & Compensation Committee or the specialist firm in charge of the evaluation. The Nomination & Compensation Committee and subsequently the Board evaluate each Director's individual contribution and how well their profiles match the Company's needs on renewing the terms of office of Directors and Committee members. Given the positive findings of the evaluation, with individual contributions generally found to be satisfactory, to date the Board has not expressed a wish to conduct a formal evaluation of each Director's contribution, since it considers this could adversely affect the culture of trust.

## Committees of the Board of Directors

The Internal Regulations of the Board of Directors provide for the possibility of creating one or more Board Committees intended to enrich its reflections, facilitate the organization of the Board's work and contribute effectively to the preparation of its decisions. The Committees have an advisory role and are responsible for working on matters submitted by the Board or its Chairman and for presenting their findings to the Board in the form of reports, proposals or recommendations.

In 2016, the Board of Directors was assisted in the course of its work by three Board Committees, whose members all sit on the Board: the Audit & Risk Committee, the Nomination & Compensation Committee and the Strategy Committee.

### Audit & Risk Committee

The Audit & Risk Committee adopted Internal Regulations in 2009 that describe its role, resources and operation. These were updated at its meeting of July 26, 2016 to reflect the role of the Committee further to Regulation (EU) No. 537/2014 and Ministerial Order No. 2016-315 of March 17, 2016 on statutory audit engagements.

The Audit & Risk Committee is responsible for monitoring the process of preparing financial and accounting information, the effectiveness of Internal Audit and risk management systems, the statutory audit of the annual financial statements and consolidated financial statements by the Statutory Auditors and Statutory Auditor's independence. It prepares and facilitates the work of the Board of Directors in these areas.

More specifically, it is responsible for:

- Financial reporting:
  - monitoring the process of preparing financial information and, where applicable, drawing up recommendations to guarantee the reliability of such information;
  - analyzing the relevance of the accounting standards selected, the consistency of the accounting methods applied, the accounting positions adopted and the estimates made to account for material transactions, and the scope of consolidation;
  - examining, before they are made public, all financial and accounting documents issued by the Company, including quarterly publications and earnings releases.
- Internal control systems and risk management procedures:
  - monitoring the effectiveness of internal control and risk management systems, along with Internal Audit where applicable, in terms of the procedures adopted to prepare and process financial and accounting information, without compromising its independence;
  - monitoring the effectiveness of information system security;
  - examining risks, disputes and material off-balance sheet commitments.
- External oversight – Statutory Auditors
  - issuing a recommendation to the Board of Directors pursuant to article 16 of Regulation (EU) No. 537/2014 on the Statutory Auditors recommended for appointment or reappointment by the Shareholders' Meeting;
  - monitoring the work of the Statutory Auditors taking into account the observations and findings of the *Haut Conseil du Commissariat aux Comptes* (French audit oversight Board) further to the audits performed in application of articles L. 821-9 et seq. of the French Commercial Code;
  - ensuring that the Statutory Auditors comply with the independence rules set out in articles 821-9 et seq. of the French Commercial Code, taking the necessary measures pursuant to section 3, article 4 of the aforementioned Regulation (EU) No. 537/2014 and ensuring that the conditions set out in article 6 of said Regulation are respected;
  - approving services, other than statutory audit services, provided by the Statutory Auditors or by members of their network and set out in article L. 822-11-2 of the French Commercial Code. The Audit & Risk Committee issues its opinion after reviewing the risks regarding Statutory Auditor's independence and the measures taken by the Statutory Auditors to safeguard their independence.

The Audit & Risk Committee must report on its work to the Board of Directors and bring to its attention any matters which appear problematic or which require a decision to be taken. It also reviews all issues raised by the Board of Directors on the matters set forth above.

It meets as often as it deems necessary, and at least before each publication of financial information.

If it deems necessary, the Audit & Risk Committee can invite one or more members of Executive Management and the Company's Statutory Auditors to attend its meetings.

The Chairman of the Committee may call a meeting with the Statutory Auditors and another with the head of Internal Audit at any time he/she deems appropriate, neither of which are attended by management.

In the course of its work and after having informed the Chairman of the Board of Directors, and provided it notifies the Board of Directors, the Audit & Risk Committee may ask Executive Management to provide it with any documents that it deems relevant to its work and may speak to all or some of the members of Executive Management or to any other person whom the Committee deems useful.

The Audit & Risk Committee can also request the assistance of any third party it deems appropriate at its meetings (independent experts, consultants, lawyers or Statutory Auditors).

In accordance with the AFEP-MEDEF Code, and except in duly substantiated cases, the information needed for the Committee's discussions is sent several days prior to the meeting. In 2016, the Committee was able to review the annual financial statements at least two days before they were reviewed by the Board of Directors. For the interim results, the Audit & Risk Committee meeting was held the day before the Board meeting; however, the approval process for the financial statements was begun in advance at preparatory meetings and the documents were sent to the members in good time to enable them to review them properly.

At December 31, 2016, the Audit & Risk Committee had four members: Aldo Cardoso (Chairman), Stéphanie Besnier, Ieda Gomes Yell and Lucia Sinapi-Thomas. Based on their professional experience and training, the Company believes that the members of its Audit & Risk Committee have the required financial and accounting expertise. Besides the independence criterion, and in view of the composition of the Board, Directors were selected primarily based on their experience and expertise. The proportion of two-thirds of independent members recommended by the AFEP-MEDEF code has not been observed; however, two of the four members including the Chairman are independent.

The Audit & Risk Committee met nine times in 2016, with an attendance rate of 97%. The meetings were attended variously by the Chief Financial Officer and the heads of Accounting, Management Control, Internal Audit & Acquisitions Services, Treasury and Tax Affairs departments. The head of the Legal, Risk & Compliance department also attended several meetings.

The Statutory Auditors attended all the meetings of the Audit & Risk Committee, at which they presented their work and described the accounting options applied.

In 2016, the Audit & Risk Committee examined the statutory and consolidated financial statements for 2015, the first-half results for 2016 and revenue for the first and third quarters of 2016, as well as the related press releases and financial reports.

During these meetings, the statutory and consolidated financial statements, the notes to the financial statements and technical issues relating to the year-end were discussed by the Group's Finance teams and analyzed by the members of the Audit & Risk Committee in the presence of the Statutory Auditors. Particular attention was paid to the measurement and allocation of goodwill, provisions for other liabilities and charges and significant off-balance sheet commitments.

The work of the Audit & Risk Committee also covered the evaluation of the Statutory Auditors' work and independence, their advisory fees and the renewal of their term of office, the Group's financial documentation, the proposal for allocating 2015 profit, changes in debt, exchange rate impacts, the share buyback program, the impact of the audit reform, the potential impact of Brexit, and the Group's various financing opportunities. The Committee also worked on the planned legal reorganization of Bureau Veritas SA.

Every six months, the Committee also reviewed the findings of the internal audits that had been conducted as well as the proposed annual planning and was kept informed of the progress of the action plans. The Audit & Risk Committee also reviewed the results and action plans reported to it in connection with the implementation of the AMF's Reference Framework for Risk Management and Internal Control.

The head of Legal, Risk & Compliance presented his interim reports on risk management, litigation and compliance to the Audit & Risk Committee. This report included a risk map. The Statutory Auditors informed the Committee of their main observations regarding the identification of risks and their assessment of the internal control procedures.

After each meeting, the Chairman of the Audit & Risk Committee provided a detailed report of the Committee's work, proposals and recommendations to the Board of Directors. The Chairman also presented the Committee's recommendations, findings and/or observations on the annual and interim financial statements at the Board meeting at which these financial statements were adopted. This is also the case for reports that may be presented by the Audit & Risk Committee on specific issues at the request of the Board of Directors.

### Strategy Committee

The Strategy Committee has adopted a set of Internal Regulations that describe its role, resources and operation. It is primarily responsible for examining and providing the Board of Directors with its opinion and recommendations regarding the preparation and approval of the Group's strategy, its budget and amended budgets as well as any planned acquisitions and disposals, particularly those submitted for prior authorization by the Board of Directors in accordance with article 1.1 of the Board's Internal Regulations.

At December 31, 2016, the Strategy Committee had five members: Frédéric Lemoine (Chairman), Patrick Buffet, Claude Ehlinger, Ieda Gomes Yell and Pierre Hessler. Three of the five members are independent.

In 2016, the Strategy Committee met seven times, with a 94% attendance rate. It chiefly considered the appropriateness and feasibility of the different strategic options available to the Group, as well as any planned acquisitions.

The Chairman of the Strategy Committee reports on the Committee's work to the Board of Directors in detail.

### Nomination & Compensation Committee

The Company has a unified Nomination & Compensation Committee, which has a set of Internal Regulations that describe its role, resources and operation. It is mainly responsible for making recommendations to the Board of Directors with regard to the selection of members of Executive Management and the Board, succession planning and executive compensation and benefits, as well as the methods of determining such compensation (fixed and variable portions, calculation method and indexing). Since February 25, 2015, the Nomination & Compensation Committee has also analyzed Corporate Social Responsibility (CSR) issues.

At December 31, 2016, the Nomination & Compensation Committee had five members, all of whom were independent.

Pierre Hessler (Chairman), Aldo Cardoso, Nicoletta Giadrossi, Siân Herbert-Jones, and Pascal Lebard. No Corporate Officers sit on the Committee. Frédéric Lemoine attended meetings of the Committee along with the Chief Executive Officer, except when agenda items concern them. They do not participate in the deliberations.

In 2016, the Nomination & Compensation Committee met six times with an 85% attendance rate. It considered the compensation policy for the Chief Executive Officer for 2016, as well as the quantitative and qualitative criteria used to determine the variable portion of this compensation in respect of 2015. It also recommended putting in place performance share and stock purchase option plans, which were approved by the Board of Directors on June 21, 2016, and reviewed the method for allocating Directors' fees for 2016. The Committee also worked on issues relating to succession planning within the Group's Executive Committee, as well as changes in the composition of the Board of Directors and its Committees to further its aim of strengthening diversity and the range of expertise as well as increasing the proportion of female and non-French members. At its meeting in December 2016, it reviewed the Company's compliance with the AFEP-MEDEF Code and analyzed the results of the evaluation of the Board and its Committees. It also submitted an action plan to the Board in this respect.

The Chairman of the Nomination & Compensation Committee reports in detail to the Board of Directors on its work, opinions, proposals and recommendations and informs it of all matters which seem problematic or which require a decision.

## Limitations placed on the powers of the Chief Executive Officer by the Board of Directors

The Board of Directors' Internal Regulations, which were updated on May 20, 2015, define the respective roles of the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer, and also set limitations on the powers of the Chief Executive Officer.

In addition to the decisions that legally require prior approval of the Board of Directors, prior approval of the Directors is also required for the following decisions of the Chief Executive Officer:

- (i) approval of the annual budget;
- (ii) any introduction by the Company of stock option or free share plans and any award of stock purchase or subscription options or free shares to the Group's Management Committee;
- (iii) any implementation of a procedure provided for in Book VI of the French Commercial Code or any equivalent procedure relating to the Company or to French or foreign subsidiaries that represent more than 5% of the Group's Adjusted Operating Profit (AOP);
- (iv) any substantial change to the corporate governance rules relating to internal control, as set out in article L. 225-37 of the French Commercial Code;
- (v) any purchase of shares in the Company, besides purchases made within the framework of a liquidity agreement previously approved by the Board of Directors;
- (vi) any decision to initiate a procedure with the aim of listing on a regulated market or withdrawing such listing for any financial instrument issued by the Company or one of its subsidiaries;
- (vii) any implementation of an authorization from the Shareholders' Meeting resulting immediately or over time in an increase or reduction in share capital or the cancellation of shares in the Company;
- (viii) notwithstanding the powers vested in the Shareholders' Meeting by law and the by-laws, any appointment, dismissal, renewal or termination of the term of office of Statutory Auditors, including those in any French or foreign subsidiaries with equity as per the consolidated financial statements of over €50 million;
- (ix) any transactions referred to in the sections above, with the exception of those carried out as part of an intragroup reorganization, whenever the amount of each such transaction exceeds €10 million and provided that the transaction was not authorized during the annual budget approval process:
  - acquisitions or disposals of Company real estate or other assets,
  - acquisitions or disposals of shareholdings or business assets,
  - partnership agreements involving an investment of the aforementioned amount.

For the purposes of this section, "intragroup" transactions are transactions between entities owned directly or indirectly by the Company;

  - (x) all debt, financing or off-balance sheet commitments entered into by the Company representing an annual aggregate or transaction amount of over €50 million, other than:
    - transactions subject to the prior approval of the Board of Directors pursuant to the law (sureties, endorsements and guarantees) or in accordance with the Board's Internal Regulations of the Board of Directors, and
    - intragroup financing between Group companies held directly or indirectly by the Company, including capital increases and decreases, current account advances provided that the planned intragroup financing transaction is not designed to settle the liability of the entity concerned;
  - (xi) any approval given by the Company to directly or indirectly controlled companies to carry out an operation such as referred to in points (ix) and (x) above;
  - (xii) the granting of any pledge to guarantee the commitments entered into by the Company for an amount exceeding €5 million per commitment;
  - (xiii) the introduction of mandatory or discretionary profit-sharing schemes at Company or Group level;
  - (xiv) in the event of any dispute, carrying out any transaction with a net impact on the Group (after insurance) in excess of €10 million;
  - (xv) hiring/appointments, removals/dismissals and annual compensation of members of the Management Committee;
  - (xvi) any major strategic transactions or any transactions likely to have a material effect on the economic, financial or legal situation of the Company and/or Group not provided for in the annual budget.

These limitations on the powers of the Chief Executive Officer are valid internally but cannot be enforced against third parties in accordance with the provisions of article L. 225-56-I, paragraph 3 of the French Commercial Code.

## Rules and principles adopted by the Board of Directors for determining the compensation and benefits in-kind awarded to Corporate Officers

### Directors' compensation

The annual maximum amount of Directors' fees that can be awarded to members of the Board was set at €700,000 at the Shareholders' Meeting of October 18, 2016. The total amount paid in respect of 2016 was €700,000.

Directors' fees were awarded taking into account the attendance of Directors at Board and Committee meetings. In order to comply with the recommendations of the AFEP-MEDEF code, the method for awarding Directors' fees was changed by the Board of Directors at its meeting of December 11, 2014 to make the variable portion primarily dependent on attendance.

In 2016, Directors' fees were allocated on the following basis:

#### Directors

- fixed fee of €12,000 per Director;
- attendance: €1,750 per Board of Directors' meeting.

#### Committee chairs

- fixed fee of €20,000 and €40,000 for the dual Audit & Risk Committee;
- attendance: €1,500 per Committee meeting.

#### Committee members

- fixed fee of €5,000 per member;
- attendance: €1,500 per Committee meeting.

The balance was allocated among all of the Board members according to the percentage of the aggregate award initially allocated, on the basis described above.

Details of compensation paid to Directors in 2016 are provided in table 3 of section 3.3.3 – Standardized tables in accordance with the recommendations of the AFEP-MEDEF Code.

### Compensation of the Chief Executive Officer and the Chairman of the Board of Directors

At its meeting of February 24, 2016, and acting on the recommendation of the Nomination & Compensation Committee, the Board of Directors approved the rules and principles applicable in 2016 to the compensation and benefits in-kind awarded to Didier Michaud-Daniel, Chief Executive Officer.

This compensation has a fixed portion and a variable portion.

The variable portion of the Chief Executive Officer's compensation has two components:

- a quantitative component linked to achievement of targets for adjusted operating profit (AOP) and net cash generated from operating activities, as per the budget; and
- a qualitative component linked to the achievement of individual qualitative targets.

Frédéric Lemoine, Chairman of the Board of Directors from November 5, 2013 to March 8, 2017, decided to waive all compensation for his position as Chairman besides his Directors' fees.

Details of the principles and rules adopted, in accordance with the recommendations of the AFEP-MEDEF Code, in compliance with AFEP-MEDEF Code recommendations for determining the compensation and benefits in-kind awarded to the Chief Executive Officer and the Chairman of the Board of Directors, along with details of compensation paid in 2016, are provided in section 3.3 – Executive Officers' compensation in this chapter.

The Chief Executive Officer does not collect Directors' fees for the corporate offices held in Group companies.

### 3.2.3 Internal control and risk management procedures

#### Organization and general approach to internal control and risk management

##### Executive Management

Group Executive Management ensures that internal control objectives are set, particularly with respect to the control environment, risk assessment and management, internal control processes, reliable financial information and Group business management, based on the principles and organization previously defined by the Board of Directors.

Internal control as implemented within Group companies is based on the following principles:

- recognition of the full accountability of the management of Group companies;
- regular financial reporting system;
- monitoring of relevant indicators by the different Group departments; and
- regular and occasional reviews of specific items as part of a formal or one-off process.

However, adaptations have been made to this general framework on the basis of the following criteria:

- a flexibility criterion to allow the management of Group companies to fully exercise their responsibilities; and
- a simplicity criterion so that the internal control process continues to be aligned with the size of the companies within the Group.

##### Audit & Risk Committee

In accordance with article L. 823-19 of the French Commercial Code, the Audit & Risk Committee is chiefly responsible for monitoring the process of preparing financial information, the effectiveness of internal control and risk management systems, and the independence of the Statutory Auditors.

After each meeting, the Chairman of the Audit & Risk Committee prepares a detailed report of the Committee's work, proposals and recommendations for the Board of Directors.

Details of the work of the Audit & Risk Committee during 2016 are provided in the section 3.2.2 – "Board's Committees" in this chapter.

##### Internal Audit

The role of the Internal Audit and Acquisitions Services department is to perform audits, principally financial audits, in the various entities of the Group. The entities to be audited are selected at the time of preparing the annual audit plan which is discussed with Executive Management and validated by the Audit & Risk Committee. They are chosen primarily based on the risks identified, the resulting financial implications and previous internal or external audits.

These audits are aimed at analyzing and verifying that management and reporting rules are duly applied, as well as reviewing the quality of the internal control environment. The main procedures and cycles covered are:

- compliance with the Group's Code of Ethics;
- sales and accounts receivable;
- purchasing and accounts payable;
- Human Resources;
- cash management; and
- financial statement closing procedures and reporting.

At the time of each audit assignment, the financial performance of the Group's businesses is reviewed to ensure the consistency of all the financial information produced by the audited entity. The audit reports are sent to the managers of the operating entities and to their superiors, the central operating departments and Group Executive Management. Where appropriate, audit reports set out short- and medium-term corrective action plans for improving the control environment.

The Internal Audit department systematically monitors implementation of the action plans drawn up following Internal Audit assignments through a dedicated software program accessible to the audited departments, and gives Executive Management a monthly progress update on the implementation of recommendations.

##### Central departments

The implementation of internal control procedures is the responsibility of the central departments in their respective areas of expertise, i.e., Legal, Risk & Compliance, Human Resources, Finance and Management Control, Quality and Technical.

- The Legal, Risk & Compliance department provides advice and assistance for any legal, risk and compliance issues affecting the Group. It helps review calls for tender, major contracts and mergers and acquisitions, and analyzes or supervises Group litigation as necessary. In close cooperation with operational staff and the Group's Technical and Quality departments, the Legal, Risk & Compliance department helps identify the main risks associated with the Group's activities and circulates the Group's risk management policies and procedures. It is responsible for taking out the Group's professional liability and property and casualty insurance policies. It also defines, implements and supervises the Group's Compliance Program, which includes the Code of Ethics, internal application procedures, related training and regular internal and external audits.
- The Human Resources department circulates the evaluation and compensation policies applicable to Group managers and ensures that all Group employees are compensated and assessed on the basis of objective, predefined criteria.

- The Finance department consolidates all of the Group's financial information and manages the necessary reconciliations. It ensures that Group standards and frameworks are strictly applied, including the Group Management Manual (GMM). In this respect, it defines a series of procedures, tools and references intended to guarantee the quality and consistency of information provided (management reporting, financial statements). In particular, monthly reviews of results of operations, the net cash position and consolidation data allows financial and accounting information to be continually monitored and checked for consistency on a centralized basis.
- The Technical Risks and Quality department defines and oversees the Group's quality management system. It ensures that the various divisions put in place measures to verify that procedures are duly applied. The Quality department is also responsible for assessing client satisfaction.

The Technical departments within the operating divisions are responsible for drawing up the technical risk management policy and verifying the technical quality of services provided, the technical qualification of organizations and operators and the application of technical guidelines and methodologies rolled out by the Group. Each department relies on local networks to circulate procedures and verify that they are duly applied among operating entities. They are tasked with auditing the operating entities, defining any corrective actions required and ensuring that these actions are implemented. These local networks may be shared by more than one department, particularly as regards technical issues, quality and technical risk management.

### Internal control procedures

Bureau Veritas has adopted the general principles of the AMF's Reference Framework and has put in place a system that allows to cover all of the Group's subsidiaries.

The aim is to provide them with a tool that they can use for internal control self-assessment and identify areas of improvement.

In compliance with the aforementioned AMF Reference Framework, three yearly self-assessment questionnaires on internal control are used:

- two questionnaires are used at head office level and for certain cross-functional areas: one covers the general principles of internal control, while the other concerns financial and accounting internal control more specifically, and in particular how the finance and accounting functions are organized at central level, intended for Finance and support departments; and
- one questionnaire covering the processes relating to the preparation of financial and accounting information is completed by Group's operating entities.

This yearly self-assessment is designed to ensure the compliance with the accounting principles defined in the Group Management Manual (GMM). It also allows the quality of existing control processes to be assessed and the requisite corrective measures to be implemented where necessary.

Like any control system, it cannot provide an absolute guarantee that all risks have been eliminated.

## Internal control and risk management

### Financial and accounting information

In order to implement internal control procedures relating to the production of financial and accounting information, the Group refers to:

- **external standards** including all national accounting laws and regulations based on which Group entities prepare their financial statements. The Group prepares its consolidated financial statements under International Financial Reporting Standards (IFRS); and
- **internal standards** consisting of the Group's organization manual and general quality procedures and the Group Management Manual (GMM) which covers all financial, accounting and tax procedures.

The role of the Finance department is to provide reliable information and pertinent analyses in a timely manner and to act as an expert with respect to financial and financing issues within the Group.

The department is responsible for setting standards, consolidating results, managing cash and particularly hedging and exchange rate risks, managing tax issues and supervising credit risks. It also acts as a motivating force in certain improvement initiatives, such as the development of shared service centers or global purchasing.

The Finance department is assisted by a network of Finance officers across the Group. These report to the heads of operating departments and from a functional standpoint, to the Group Chief Financial Officer.

Subsidiaries operating in different countries are responsible for implementing the policies, standards and procedures defined by the Group.

The budget process is structured in a way that enables objectives to be set at the level of business units. The resulting budget is therefore a highly effective oversight tool that can be used to closely monitor monthly activity at the level of each country/business. This monthly control of results from operations, the net cash position and consolidation data enables Executive Management to effectively monitor the Group's financial performance.

The Group has also defined internal rules and procedures designed to safeguard assets, prevent and identify fraud, and ensure that accounting information is reliable and presents a true and fair view of the business.

### Acquisitions Services

The Internal Audit & Acquisitions Services department also provides coordination and integration assistance on acquisitions. This role is formally set down in a series of procedures known as the Post Merger Integration Plan (PMIP), which is structured and updated around the following areas: Finance, Human Resources, Communication, Legal, Risk & Compliance, Quality, Information Systems and IT.

Where appropriate, the Internal Audit and Acquisitions Services department assists the operating groups responsible for integration and liaises with all head office support functions as part of a continuous improvement approach which builds on the experience acquired during each past operation.

### Managing risk and monitoring litigation

The Group's risk management policy is focused on the prevention of professional civil liability suits for damages relating to a product, system or facility in respect of which the Group's entities had provided services.

Risks are managed through a structured risk management organization rolled out within the Group's different operating groups. This organization is based on two cross-functional networks and their respective departments: the Legal, Risk & Compliance department and the Technical Risks and Quality departments.

The broad range of local operations and the need to give managerial autonomy to operational staff have led to the introduction of a global risk prevention strategy, which has been formally set down and rolled out to each division and operating Group.

The Group regularly prepares and updates the risk maps with help from the Group's divisions in order to identify and quantify the main risks and improve existing risk management procedures. Specific, detailed action plans are then drawn up by the divisions and implemented by operating staff. Cross-functional initiatives, mainly relating to technical standards, monitoring regulations and global insurance programs, are also defined and implemented across the Group.

The operating groups also prepare targeted risk analyses when new business activities are launched or when the Group responds to calls for tender, assisted by the Technical and Quality departments and the Legal, Risk & Compliance department.

In addition, the Group is in the process of identifying the financial risks relating to climate change, in particular those relating to energy consumption at the Group's laboratories and fuel consumption by employees during work-related travel.

Within its networks, the Group's operational risk management policy aims to increase the number and specialization of technical centers. The Group wishes to develop "Bureau Veritas" technical standards that can be applied throughout the world, while satisfying the requirements of countries that apply the most stringent regulations.

Application of the risk management policy and the continual changes in services that the Group is asked to provide requires the commitment of local networks and risk management officers on all fronts (technical, quality, legal and compliance), thereby ensuring that they work together to reduce the risks of professional civil liability claims against the Group. The goal is to share the risk management approach and its objectives with operating teams, along with the information needed to take decisions consistent with the objectives set by the Board of Directors.

The Group has also put in place procedures to enable twice-yearly assessments of litigation in conjunction with operating groups, the Legal, Risk & Compliance department and the Finance department.

The procedure for monitoring litigation is covered in the risk management policy. It describes the methods for managing litigation which require coordination between heads of operating entities, the operating groups, and the Legal, Risk & Compliance department.

Each operating group defines the organization it has put in place to achieve the Group's objectives, in order to:

- identify disputes from the outset;
- make sure that the relevant insurers are informed of any litigation claims;
- organize an effective management approach regarding the defense of the Group's interests; and
- allow a centralized follow-up of significant litigation by the Legal, Risk & Compliance department.

The Group's policy of centralizing its professional civil liability and property and casualty insurance through global programs facilitates the control environment and reporting.

### Monitoring accreditations – role of Technical departments

Bureau Veritas holds a large number of licenses to operate (accreditations, authorizations, delegations of authority, etc.) which may be issued by national governments, public or private authorities, and national or international organizations as appropriate.

Each of the Group's divisions has put in place a dedicated organization for managing and monitoring these accreditations on a centralized basis. The accreditations are regularly audited by the authorities concerned.

The aim of the Technical departments is to ensure that the services provided by each Group entity are carried out in compliance with Bureau Veritas procedures, particularly management of conflicts of interest, as regards the application of technical guidelines and methods defined by the Group, and in accordance with the regulatory or private terms of reference of the accrediting organization.

The Group has implemented an operating organization for which the degree of centralization depends on the business:

- in businesses that are managed globally and that offer similar services (Marine & Offshore, Certification, Consumer Products and Government Services), the Technical departments are centralized and provide the procedures and rules to be applied throughout the world;
- in businesses that are managed locally and provide their services based on local technical standards, local Technical departments specify the methods to be applied in their country/region under the aegis of a central Technical department.

The various Technical departments use a structured network of technical officers in each division and each year perform a certain number of technical audits to ensure that procedures are complied with and that the rules defined by the Group and the methodologies defined locally are respected.

### Quality and ISO certification

The Quality department is responsible for implementing and managing a quality system that supports the operating and functional entities in their aim to continually improve the processes that these entities have put in place to meet their clients' needs. These procedures have been certified to ISO 9001 by an independent and international body.

To this end, the Quality department has a structured network of Quality managers around the world and at central level.

## Human Resources

The Group's Human Resources (HR) department ensures that manager compensation and evaluation policies are consistent and fair, while taking into account any particular characteristics of the local environment. The process of managing the performance of managers is defined by the Group, which verifies that it is deployed across the network. This ensures that managers are evaluated and compensated according to known, objective criteria. The Group's HR department has put in place career management processes to foster the emergence of high-potential employees and help staff development in general.

All data relating to these Group HR processes are managed in an integrated software package.

Changes in the total payroll are managed by the Group. These are analyzed every year as part of the budget process to ensure that any risks related to increases in personnel costs are mitigated. Key indicators such as the attrition rate are monitored regularly by the Group HR department and action plans are implemented in conjunction with the network of HR managers.

## Compliance Program

The Group's active risk management policy is underpinned by a series of values and ethical principles that are shared by all employees. In 2003, Bureau Veritas, a member of the International Federation of Inspection Agencies (IFIA), adopted a Code of Ethics applicable to all of the Group's employees.

In compliance with IFIA requirements, this Code of Ethics sets forth the ethical values, principles and rules on which Bureau Veritas wishes to base its development and growth and to build relationships of trust with its clients, staff and commercial partners.

Bureau Veritas assisted in the roll-out of its Code of Ethics by putting in place the Compliance Program, a special ethics-focused program of which it is an integral component, and ensures that the program is effectively deployed and monitored.

The Code of Ethics and the Compliance Program aim to strengthen (i) anti-corruption procedures, (ii) the training and awareness of all employees as regards the Group's Code of Ethics and the Compliance Program and (iii) implementation of the procedures.

The Compliance Program includes an updated version of the Code of Ethics now available in 32 languages, a manual of internal procedures translated into 11 languages, and a compulsory –

mostly e-learning – training module for all staff, now available in 16 languages. The Compliance Program is rolled out by a dedicated network of Human Resources managers. A regular reporting system has been put in place under the supervision of this network, which monitors the number of employees trained in the Compliance Program each quarter. The aim is to cover 100% of staff.

The Group's Ethics Committee, whose members are appointed by the Board of Directors, comprises the Chief Executive Officer, the Chief Financial Officer and the Group Compliance Officer. This Committee deals with all of the Group's ethical issues and supervises the implementation of the Compliance Program.

The Group Compliance Officer uses a network of Compliance Officers who act as intermediaries in the Group's operating groups.

In the operating groups, each unit manager is responsible for the application of the Compliance Program by the staff under his/her authority, and is supervised and managed by the heads of the operating groups to which he/she reports. For this purpose, it is the responsibility of each operating group head to provide a copy of the Code of Ethics to his/her staff, to oversee their training and inform them of their duties in simple, practical and concrete terms, and to leave them in no doubt that any failure to comply with the Code of Ethics will constitute a serious breach of their professional obligations.

Any alleged breach of the Code of Ethics must be brought to the attention of the Group Compliance Officer who draws up a related file and informs the Ethics Committee of any serious failure to comply with the Code of Ethics so that the necessary measures can be taken. An internal or external audit is carried out and, depending on the findings, sanctions may be imposed, including the possible dismissal of the employees in question.

Internal and external audits are conducted each year on the application of and compliance with the principles of the Code of Ethics, and a statement of compliance is issued by an independent audit firm and sent to the IFIA's Compliance Committee.

A detailed description of the Compliance Program appears in section 2.2.1 – "Ethics: an absolute" of this Registration document.

These measures are designed to prevent any actions that are incompatible with the Group's ethical principles.

Although the Group endeavors to be vigilant in this regard, no guarantee can be given that these measures are, or have been, complied with in all circumstances.

## Changes in internal control and risk management procedures

In the next few years, the Group will aim for better coordination and integration between different stakeholders, covering Internal Audits, external financial audits, quality audits, health and safety audits, audits by accreditation authorities and technical audits.

In terms of risk management, the Group will continue its efforts to continually adapt the risk maps in line with changes in its businesses and in the Group's organization.

### 3.2.4 Conditions for participating in Shareholders' Meetings

Any shareholder is entitled to participate in Shareholders' Meetings under the conditions provided for by law.

The conditions governing participation in Shareholders' Meetings are set out in article 26 of the By-laws. A summary of these rules is given in Chapter 6 – Information on the Company and the capital of this Registration document.

### 3.2.5 Issues likely to have an impact in the event of a public offer

As far as the Company is aware, no agreement has been concluded between the shareholders that may restrict the transfer of shares and the exercise of voting rights.

Details of the capital structure are set out in Chapter 6 – Information on the Company and the capital of this Registration document.

The clauses regarding a change of control defined in the Company's financial documentation are set out in Chapter 4 – Management report of this Registration document.

### 3.2.6 Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Bureau Veritas

For the year ended December 31, 2016

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

To the Shareholders,

In our capacity as Statutory Auditors of Bureau Veritas, and in accordance with Article L.225235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.22537 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L.22537 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

#### Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.22537 of the French Commercial Code.

#### Other information

We attest that the Chairman's report sets out the other information required by Article L.22537 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, March 15, 2017  
The Statutory Auditors

PricewaterhouseCoopers Audit  
Christine Bouvry

ERNST & YOUNG Audit  
Nour-Eddine Zanouda

## 3.3 Executive officers' compensation

This section describes the Company's compensation policy for Corporate Officers in application of article L. 225-37-2 of the French Commercial Code.

The policy is based on a set of principles and criteria for determining, allocating and awarding the fixed, variable and

special components of the total compensation and benefits in kind that may be granted to the Corporate Officers of Bureau Veritas.

The compensation policy for the Corporate Officers is set by the Board of Directors acting on the recommendation of the Nomination & Compensation Committee.

### 3.3.1 Chief Executive Officer compensation policy

The compensation policy for the Chief Executive Officer of Bureau Veritas is set by the Board of Directors acting on the recommendation of the Nomination & Compensation Committee.

This policy is reviewed and discussed by the Board of Directors every year, and meets the following objectives:

- to attract and retain a candidate whose profile matches the global market on which the Group operates;
- to reward the achievement of ambitious annual objectives;
- to make the payment of long-term compensation contingent on the achievement of objectives in the best interests of shareholders and all stakeholders more generally;
- to have competitive compensation packages relative to those offered by the Group's French and international counterparts.

In accordance with the recommendations of the AFEP-MEDEF Code, the Nomination & Compensation Committee considered the principles described below when issuing recommendations to the Board of Directors for compensation systems that are in line with the Group's values.

#### General principles

The compensation policy for the Chief Executive Officer is based on the following general principles:

#### Balance and clarity

The Chief Executive Officer's compensation consists of four elements, each linked to a specific objective:

- an annual fixed portion (basic salary) that acknowledges the importance and scope of the position. Each year, this is compared with the practices of French and international companies with comparable challenges, characteristics and environments;
- an annual variable portion, consisting of quantitative and qualitative components. The variable portion recognizes the achievement of demanding, formal yearly objectives and is reviewed each year by the Nomination & Compensation Committee, which in turn makes a recommendation to the Board of Directors;
- long-term incentive plan (stock purchase option and performance share awards) aligned with shareholders' best interests, the implementation of which is subject to approval of the corresponding resolutions at the Shareholders Meeting and to the decision of the Board of Directors;

- a termination payment linked to occupying a corporate office. This payment is restricted in time and is subject to performance conditions.

A balance must be achieved between each component of the compensation package. However, an emphasis is placed on the shareholding component (stock purchase option and performance shares).

There are no provisions for supplementary pension benefits (defined benefit or defined contribution).

The Chief Executive Officer is entitled to a company car and is eligible for the same benefit plans as the Group's other executive officers and employees.

#### Proportionality and consistency

The policy, mechanisms and levels of compensation awarded to the Chief Executive Officer are consistent with the Group's other executive officers and managers.

Each year, the Nomination & Compensation Committee reviews and assesses the appropriateness of the compensation packages and particularly the criteria relating to the award of variable compensation for the coming year.

To do so, it considers:

- the Group's long-term objectives;
- the creation of shareholder value;
- the market benchmarking conducted each year with the assistance of an external consultant based on French and international companies;
- the recommendations of the applicable Governance Code (AFEP-MEDEF Code).

#### Simplicity and understandability

The rules governing the Chief Executive Officer's compensation are simple.

Each year, the Nomination & Compensation Committee recommends quantitative performance criteria and specific levels of objectives to the Board of Directors. The criteria and levels selected are consistent with those of the strategic plan:

- adjusted operating profit and net cash flows from operating activities (annual variable portion), adjusted operating profit and adjusted operating profit/revenue ratio (stock purchase options and performance shares);

- the annual individual qualitative objectives are recommended to the Board of Directors by the Nomination & Compensation Committee, as follows:
  - criteria relating to the Group's strategic, commercial and technological development;
  - the Group's organization, the management and development of high-potential employees and succession planning for key management positions.

For confidentiality reasons, the degree of attainment needed for these criteria to be considered to have been met cannot be disclosed, although it has been defined in detail.

### Fixed portion

The Chief Executive Officer's basic salary was determined in relation to the scope of the position and the practices of French and international groups with similar revenue, market capitalization and challenges to Bureau Veritas.

Each year, with the assistance of a specialized firm, the position of the Chief Executive Officer's compensation, along with the compensation of key management personnel, is verified using specific grids.

### Annual variable portion

The annual variable portion of the Chief Executive Officer's compensation represents 100% of the fixed portion if all the quantitative and qualitative objectives are met in full.

At January 1, 2016, the variable portion consisted of a quantitative portion and a qualitative portion.

The quantitative portion represents 60% of this variable portion, of which 50% is based on meeting the adjusted operating profit (AOP) target and 10% on meeting the target for net cash flows from operating activities.

When determining the variable portion of the Chief Executive Officer's compensation, the extent to which the Group's Adjusted Operating Profit (AOP) target has been met, at the budgeted rate and excluding non-budgeted acquisitions, is assessed as follows:

- if actual AOP is less than or equal to 90% of budgeted AOP, the bonus paid for this objective is 0%;
- if actual AOP is equal to budgeted AOP, the bonus paid for this objective is 100%;
- if actual AOP is greater than budgeted AOP, a coefficient is then applied based on the following example: budgeted AOP 101% achieved = application of a 105% coefficient;
- if actual AOP is between 90% and 100% of budgeted AOP, the bonus paid for this objective is calculated on a proportional basis.

The extent to which the objective for net cash flow from operating activities has been met is assessed in the same way.

If the objectives for the quantitative portion are exceeded, the variable portion is capped at 150% of the target variable portion (i.e., 150% of the fixed portion).

The qualitative portion represents 40% of this variable portion and is based on the achievement of formal individual objectives (criteria relating to the Group's, strategic, commercial and technological development, organization, talent management and development, and succession planning for key Group roles). It is assessed at between 0% and 100%, depending on the extent to which these individual objectives have been met, and cannot exceed 100%.

### Long-term incentive plan

Bureau Veritas' long-term incentive policy is determined by the Board of Directors acting on recommendations of the Nomination & Compensation Committee in the context of resolutions adopted by the Ordinary and Extraordinary Shareholders' Meeting. This policy concerns the consideration offered if ambitious growth objectives are met. It is directly aligned with shareholders' best interests and the achievement of objectives in line with Bureau Veritas' strategic plan.

This policy is designed to attract, retain and motivate high-performing employees who play an important role in the Group's long-term performance within Bureau Veritas and throughout the world. The policy includes a long-term incentive plan which is granted annually in the same calendar periods and comprises a stock purchase option and/or performance share award.

To align the best interests of all Group executive officers with Company strategy, and in compliance with the AFEP-MEDEF code, these awards are conditional on meeting the short- and medium-term objectives derived from the strategic plan and relating to the creation of shareholder value in the medium term (three to five years). Currently, the performance conditions for stock subscription or purchase options and performance shares are the extent to which the adjusted operating profit (AOP) target has been met for the year of the award and the operating margin (adjusted AOP/revenue ratio) target for the next two financial years. Depending on the extent to which these objectives are achieved, the Chief Executive Officer may exercise/vest between 0% and 100% of the options/shares awarded.

The lock-up period is three years for stock subscription and purchase options and the vesting period is three years followed by a mandatory holding period of two years for performance shares. Starting in 2016, the plans have a three-year vesting period and no holding period.

No discount is applied to the award.

The Chief Executive Officer formally undertakes not to use hedging instruments on the options, on the shares resulting from the exercise of options, or on the performance shares throughout his term of office.

Pursuant to articles L. 225-185 and L. 225-197-1 of the French Commercial Code, and in accordance with the provisions of the AFEP-MEDEF Code, the Chief Executive Officer is required to retain in registered form at least 50% of the shares resulting from the exercise of these options and at least 50% of the performance shares vested until the expiration of his corporate office within the Group.

### Deferred commitments

In accordance with the recommendations of the AFEP-MEDEF code, the Chief Executive Officer does not have an employment contract and his compensation is linked entirely to his corporate office.

The deferred commitment package awarded to the Chief Executive Officer is limited to a termination benefit relating to his corporate office, which is paid if he is forced to leave the Company, except in the case of proven misconduct.

The benefit is equal to no more than the total fixed and variable compensation received in the 12 months preceding the termination of his term of office, plus the amount of his latest variable compensation (the "Target Amount"). Pursuant to article L. 225-42-1 of the French Commercial Code, payment is

contingent on a performance condition linked to the level of margin achieved by the Company (the "Margin") in each of the two financial years preceding the termination of his term of office. The margin is calculated as the ratio of adjusted operating profit (AOP) to revenue, before tax.

Details of the performance condition are provided in table 10 in section 3.3.3 and in Chapter 6, section 6.10 of this Registration document.

The Board of Directors determines whether the required performance condition has been met at the time of termination, prior to any payment.

No benefit is paid if the Chief Executive Officer leaves of his own accord. Similarly, the benefit is not payable in order to exercise rights to retirement or if the termination is as a result of proven misconduct.

### 3.3.2 Compensation policy for the Chairman of the Board of Directors

#### Compensation policy until March 8, 2017

The compensation due or awarded to the Chairman of the Board of Directors for the period January 1 to March 8, 2017 consists entirely of Directors' fees, and thus excludes any and all types of fixed and variable compensation, benefits in kind, stock options and performance shares.

The Chairman of the Board is not eligible for any pension scheme, termination benefit or non-competition indemnity.

#### Compensation policy as of March 8, 2017

Starting on March 8, 2017, the compensation due or awarded to the Chairman of the Board of Directors includes a fixed compensation component and Directors' fees, but excludes any and all variable compensation, benefits in kind, stock options and performance shares.

The Chairman of the Board is not eligible for any pension scheme, termination benefit or non-competition indemnity.

### 3.3.3 Components of the Chief Executive Officer's 2016 compensation subject to shareholder's approval at the Annual Shareholders' Meeting on May 16, 2017

#### Compensation for 2016

	Amounts or accounting valuation submitted to a vote	Details
Fixed compensation	€900,000	At the Board of Directors' meeting of February 21, 2016, acting on the recommendation of the Nomination & Compensation Committee, the gross annual fixed compensation and the target variable compensation of the Chief Executive Officer were each set at €900,000.
Target variable compensation	€900,000	
Annual variable compensation	€825,000	At its meeting of February 21, 2016, the Board of Directors considered the Nomination & Compensation Committee's recommendations concerning the Chief Executive Officer's variable compensation. Given the quantitative and qualitative criteria adopted by the Board at its February 25, 2015 meeting and the actual results at February 21, 2016, variable compensation for 2015 was set at €825,000.
Deferred variable compensation	N/A	No deferred variable compensation.
Multi-annual variable compensation	N/A	No multi-annual variable compensation.
Extraordinary compensation	N/A	No extraordinary compensation.
Stock purchase options, performance shares and any other long-term compensation	€1,975,000 (carrying amount)	<p>Award of 240,000 stock purchase options and 80,000 performance shares as part of annual awards to senior management (14<sup>th</sup> and 15<sup>th</sup> resolutions of the Ordinary and Extraordinary Shareholders' Meeting of May 17, 2016).</p> <p>The award is subject to meeting two performance conditions:</p> <ul style="list-style-type: none"> <li>• 2016 Adjusted Operating Profit (AOP);</li> <li>• 2017 and 2018 adjusted operating margin (AOP/revenue).</li> </ul> <p>These awards represent 0.05% and 0.02%, respectively of the share capital of Bureau Veritas. The extraordinary award approved in July 2013 for a target amount of 800,000 performance shares over nine years was amended in March 2016. The two first tranches remain unchanged, contingent on a total shareholder return (TSR) of over 10% per annum. The performance condition for the third tranche, which represents 90% of the total award, is based on the TSR determined by comparing (i) a Company share price of €19, with (ii) the average opening price of the Company's share on Euronext Paris during the 60 trading days preceding and the 30 trading days following the publication of 2020 results, with the possibility of extending this period by one year. If the TSR as determined at the end of the performance period is at least 15%, the beneficiary may vest all of the shares in the tranche at the end of the vesting period. If the TSR is between 10% and 15%, the number of shares that may vest will be determined by linear interpolation. If the TSR is equal to 10%, the beneficiary may vest 50% of the shares in the tranche at the end of the vesting period. If the TSR is between 7% and 10%, the number of shares that may vest will be determined by linear interpolation. If the TSR is equal to 7%, the beneficiary may vest 20% of the shares in the tranche at the end of the vesting period. If the TSR is below 7%, no shares in the tranche will vest.</p>
Directors' fees	N/A	Didier Michaud-Daniel does not receive Directors' fees.
Benefits in-kind	€18,000	A company car is made available to Didier Michaud-Daniel and he is entitled to the same benefit plans as the Group's other executive officers and employees.
Termination payments	No payment	As part of the commitment authorized by the Board of Directors of February 22, 2012 and approved by the Ordinary Shareholders' Meeting of May 31, 2012 (6 <sup>th</sup> resolution), based on the Statutory Auditors' special report of March 21, 2012, Didier Michaud-Daniel was entitled to a termination benefit equal to 12 months of fixed and variable compensation.
Non-competition indemnity	N/A	Didier Michaud-Daniel is not entitled to a non-competition indemnity.
Supplementary pension scheme	N/A	Didier Michaud-Daniel is not entitled to a supplementary pension scheme.

### 3.3.4 Compensation policy for the Chief Executive Officer and Chairman of the Board of Directors in respect of 2017, subject to shareholder approval at the Annual Shareholders' Meeting on May 16, 2017

The general principles of the compensation policy applied to the Chief Executive Officer and Chairman of the Board of Directors are presented in sections 3.3.1 and 3.3.2 of this chapter.

The payment in 2018 of the variable and special compensation components awarded for 2017 and described below is subject to the approval of the Ordinary Shareholders' Meeting of the compensation components awarded to the Corporate Officer concerned, pursuant to article L. 225-100 of the French Commercial Code.

#### Chief Executive Officer's compensation for 2017

On the recommendation of the Nomination & Compensation Committee, the Board of Directors approved the components of the Chief Executive Officer's compensation at its meeting on February 23, 2017. For 2017, his annual fixed compensation has been maintained at €900,000. As in previous years, the annual variable portion of the Chief Executive Officer's compensation represents 100% of the fixed portion if all the quantitative and qualitative objectives are met in full. The quantitative criteria account for 60% of the target bonus and have been adjusted to introduce a growth objective (25%) in addition to the targets for adjusted operating profit (25%) and net cash generated from operating activities (10%). The qualitative criteria, representing

40% of the variable component, relate to the ramp-up of the 2020 strategic plan (organization and human resources, marketing & sales, digitalization and operating excellence). In light of the above, the Chief Executive Officer's fixed compensation has not changed since 2015.

In accordance with article L.225-100, paragraph 11 of the French Commercial Code, the payment of the Chief Executive Officer's annual variable portion with respect to 2017 is contingent on shareholder approval of his compensation components at the Ordinary Shareholders' Meeting to be held in 2018.

#### Chairman's compensation for 2017

Frédéric Lemoine, Chairman of the Board of Directors until March 8, 2017, decided to waive all compensation for his position as Chairman besides his Directors' fees.

Acting on the recommendation of the Nomination & Compensation Committee, at its meeting on March 8, 2017 the Board of Directors set the components which are now applicable to the Chairman's compensation.

As of March 8, 2017, the Chairman of the Board of Directors will be awarded Directors' fees and fixed annual compensation in an amount of €220,000. He will not be eligible for any variable compensation, benefits in kind, stock options or performance shares.

### 3.3.5 Standardized tables in accordance with the recommendations of the AFEP-MEDEF Code

**Table n° 1: Table summarizing the compensation, options and shares awarded to each Corporate Officer**

(in €)	Didier Michaud-Daniel, Chief Executive Officer	
	2016	2015
Compensation due in respect of the financial year (detailed in table 2)	1,478,175 <sup>(a)</sup>	1,737,320
Valuation of stock options awarded during the financial year (detailed in table 4)	563,200 <sup>(b)</sup>	660,000 <sup>(b)</sup>
Valuation of the performance shares awarded during the financial year (detailed in table 6)	1,411,800 <sup>(b)</sup>	1,319,200 <sup>(b)</sup>
<b>TOTAL</b>	<b>3,453,175</b>	<b>3,716,520</b>

(a) Variable compensation due in respect of 2016 was set by the Board of Directors on February 23, 2017 acting on the recommendation of the Nomination & Compensation Committee.

(b) The amounts in the table above reflect the fair value of options and shares for accounting purposes in accordance with IFRS.

**Table n° 2 : Table summarizing the compensation paid to each Corporate Officer**

(in €)	Didier Michaud-Daniel, Chief Executive Officer			
	2016		2015	
	due	paid	due	paid
Fixed compensation	900,000	900,000	900,000	900,000
Variable compensation	560,175 <sup>(a)</sup>	825,000	825,000 <sup>(a)</sup>	617,000
Contractual profit-sharing (incentive plan)	-	-	-	-
Statutory profit-sharing	-	-	-	-
Directors' fees	-	-	-	-
Benefits in-kind	18,000	18,000	12,320	12,320
<b>TOTAL</b>	<b>1,478,175</b>	<b>1,743,000</b>	<b>1,737,320</b>	<b>1,529,320</b>

(a) Variable compensation due in respect of 2016 was set by the Board of Directors on February 23, 2017 acting on the recommendation of the Nomination & Compensation Committee.

**Table n° 3 : Table on Director's fees and other compensation received by non-Executive Corporate Officers**

The table below shows Directors' fees paid to members of the Board of Directors by Bureau Veritas and by any Group company for 2015 and 2016:

Members of the Board of Directors (in euros)	Directors' fees, awarded for 2015, paid in 2016	Directors' fees, awarded for 2016, paid in 2017
Aldo Cardoso	83,750	105,909
Frédéric Lemoine	53,250	70,607
Stéphane Bacquaert	38,250	45,742
Stéphanie Besnier	-	9,936 <sup>(a)</sup>
Patrick Buffet	36,750	50,304
Claude Ehlinger	-	9,936 <sup>(a)</sup>
Nicoletta Giadrossi	31,750	50,607
Ieda Gomes Yell	58,250	76,668
Siân Herbert-Jones	-	29,236 <sup>(b)</sup>
Pierre Hessler	64,250	85,456
Pascal Lebard	35,000	50,607
Philippe Louis-Dreyfus	30,250	13,795 <sup>(c)</sup>
Jean-Michel Ropert	44,250	51,196
Lucia Sinapi-Thomas	39,500	50,001
<b>Total</b>	<b>515,250</b>	<b>700,000 <sup>(d)</sup></b>

(a) Note that Stéphanie Besnier and Claude Ehlinger were appointed as Directors at the Combined Ordinary and Extraordinary Shareholders' Meeting of October 18, 2016.

(b) Note that Siân Herbert-Jones was appointed as Director at the Combined Ordinary and Extraordinary Shareholders' Meeting of May 17, 2016.

(c) Philippe Louis-Dreyfus' term of office expired at the Combined Ordinary and Extraordinary Shareholders' Meeting of May 17, 2016.

(d) The annual amount of Directors' fees awarded to members of the Board of Directors was set at €700,000 by the Shareholders' Meeting of October 18, 2016.

### Long-term incentive policy

As part of its compensation policy, Bureau Veritas awards stock purchase and subscription options and performance shares to a certain number of staff in the Group around the world. The Board of Directors' meeting of June 21, 2016 decided to award stock purchase options and performance shares to Group employees.

The award concerned 600 Group employees, corresponding to a total of 2,444,050 shares (1,131,650 performance shares and

1,312,400 stock purchase options), equivalent to approximately 0.55% of the share capital.

The maximum number of stock purchase options and performance shares granted to the Corporate Officer is detailed in the tables below.

**Table n° 4 : Stock subscription or purchase options awarded during 2016 to each Executive Corporate Officer by the issuer and by any company of the Group**

Name of Corporate Officer	No. and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements	Number of options awarded during the financial year	Exercise price	Exercise period
Didier Michaud-Daniel	06/21/2016	Stock purchase options	€563,200	240,000	€19.35 <sup>(a)</sup>	06/21/2019 to 06/21/2026

(a) The exercise price was set at €19.35, corresponding to the average undiscounted opening price during the 20 trading days preceding the date of the award.

The amounts indicated correspond to the fair value of options for accounting purposes in accordance with IFRS. As a result, they are not the actual amounts that could arise if these options were exercised.

It should be recalled that these awards are subject to:

- a minimum period of service – the departure of the beneficiary leads to the cancellation of all such rights; and
- two performance conditions:
  - Adjusted Operating Profit (AOP) for 2016:

If the AOP is less than or equal to the minimum level, then none of the options awarded may be exercised by the beneficiary. If the AOP recorded for 2016 is equal to the intermediate level, then 62.5% of the options awarded may be exercised. If the AOP recorded for 2016 is greater than or equal to the target level, then 100% of the options awarded

may be exercised. If the AOP recorded for the 2016 financial year is between the minimum level and intermediate level, the number of options that may be exercised will be between 0% and 62.5%. If the AOP recorded is between the intermediary level and the maximum level, the number of options that may be exercised will be between 62.5% and 100% and will be determined by linear interpolation.

- adjusted operating margin for 2017 and 2018 (ratio of adjusted operating profit to revenue):

If the adjusted operating margin for either 2017 or 2018 is less than the target level set by the Board of Directors at the time of the award, no performance shares can be vested.

**Table n° 5 : Stock subscription or purchase options exercised during 2016 by each Executive Corporate Officer**

The Corporate Officer did not exercise any options during 2016.

**Table n° 6 : Performance shares awarded during 2016 to each Corporate Officer**

Name of Executive corporate officer	No. and date of the plan	Number of shares awarded during the year	Valuation of the shares according to the method used for the consolidated financial statements	Vesting date	Availability date
Didier Michaud-Daniel	06/21/2016	80,000	€1,411,800	06/21/2019	N/A
Minimum period of service, performance conditions and holding requirement		Performance conditions: depending on the degree to which the Adjusted Operating Profit (AOP) target for 2016 and the adjusted operating margins for 2017 and 2018 are met, the beneficiary could vest between 0% and 100% of the shares awarded according to the same principle as for the aforementioned stock purchase option awards. Minimum period of service: a three-year vesting period has been set during which the beneficiary must remain as Corporate Officer.			

**Table n° 7 : Performance shares that have become available during 2016 for each Executive Corporate Officer**

A total of 88,000 performance shares became available to the Corporate Officer during 2016.

**Table n° 8 : Past awards of stock subscription or purchase options**

Information on stock subscription or purchase options <sup>(b)</sup>				
Date of Shareholders' Meeting	05/22/2013	05/20/2015	05/17/2016	
Date of the Board of Directors' meeting	07/16/2014	07/15/2015	06/21/2016	
Total number of shares able to be subscribed or purchased	1,261,200	1,344,000	1,312,400	
Total number of shares able to be subscribed or purchased by the Corporate Officer: Didier Michaud-Daniel	240,000	240,000	240,000	
Starting date for the exercise of options	07/16/2017	07/15/2018	06/21/2019	
Expiration date	07/16/2022	07/16/2025	06/21/2026	
Subscription or purchase price	€20.28 <sup>(a)</sup>	€20.51 <sup>(a)</sup>	€19.35 <sup>(a)</sup>	
Number of shares subscribed or purchased at December 31, 2016	-	-	-	
Total number of stock subscription or purchase options canceled or lapsed at December 31, 2016	489,673	95,750	12,000	
<b>Stock subscription or purchase options remaining at December 31, 2016</b>	<b>771,527</b>	<b>1,248,250</b>	<b>1,300,400</b>	

(a) The stock subscription or purchase option price corresponds to the average undiscounted opening price during the last 20 trading days preceding the date of the award.

(b) The number of options and the stock subscription or purchase option prices were revised following the June 2013 capital increase and share split.

**Table n° 9 : Past awards of performance shares**

Information on performance share awards				
Date of Shareholders' Meeting	05/22/2013	05/22/2013	05/20/2015	05/17/2016
Date of the Board of Directors' meeting	07/22/2013	07/16/2014	07/15/2015	06/21/2016
Total number of shares awarded	800,000	1,291,600	1,136,200	1,131,650
Total number of shares awarded to the Corporate Officer: Didier Michaud-Daniel	800,000	80,000	80,000	80,000
Vesting date	06/21/2017 or 06/22/2022	07/22/2017 or 07/22/2018	7/16/2018 or 7/15/2019	06/21/2019
Performance conditions	(b)	(a)	(a)	(a)
End of retaining period	07/21/2021 or 07/21/2022	07/16/2019	07/15/2020	
Number of vested shares at December 31, 2016	-	-	-	-
Total number of shares canceled or lapsed at December 31, 2016	80,000	461,187	85,230	20,800
<b>Remaining performance shares at December 31, 2016</b>	<b>780,000</b>	<b>826,365</b>	<b>1,048,998</b>	<b>1,110,850</b>

(a) At the end of the vesting period, the number of shares issued to each beneficiary depends on the level of Adjusted Operating Profit (AOP) achieved for the financial year in which the award is made and the operating margin (adjusted operating profit/revenue ratio) recorded by the Company for the following two financial years. The principle for defining the levels of attainment are the same as those used for the free share plan of July 22, 2013.

(b) The number of shares issued to each beneficiary at the end of the vesting period depends on the level of total shareholder return (TSR) achieved and measured over three performance periods, corresponding to three tranches. For the first and second tranches, if the TSR as determined at the end of the first year of the applicable performance period for each tranche is at least 15%, the beneficiary may vest all of the shares in the tranche at the end of the vesting period. If the TSR as determined at the end of the first year of the applicable performance period is between 10% and 15%, the number of shares that may be vested will be determined by linear interpolation. If the TSR is below 10%, no shares in the tranche will be vested in respect of this first year and the applicable performance period will be extended by an additional year. There will be a second calculation at the end of the second year of the applicable performance period to enable the beneficiary to vest all or part of 50% of the shares in the tranche. The performance condition for the third tranche, which represents 90% of the total award, is based on the TSR determined by comparing (i) a Company share price of €19, with (ii) the average opening price of the Company's share on Euronext Paris during the 60 trading days preceding and the 30 trading days following the publication of 2020 earnings, with the possibility of extending this period by one year. If the TSR as determined at the end of the performance period is at least 15%, the beneficiary may vest all of the shares in the tranche at the end of the vesting period. If the TSR is between 10% and 15%, the number of shares that may vest will be determined by linear interpolation. If the TSR is equal to 10%, the beneficiary may vest 50% of the shares in the tranche at the end of the vesting period. If the TSR is between 7% and 10%, the number of shares that may vest will be determined by linear interpolation. If the TSR is equal to 7%, the beneficiary may vest 20% of the shares in the tranche at the end of the vesting period. If the TSR is below 7%, no shares in the tranche will vest. A nine-year vesting period has been set during which the beneficiary must remain as Corporate Officer, followed by a mandatory two-year holding period.

Table n° 11:

Corporate Officers	Employment contract		Supplementary pension scheme		Benefits or advantages due or likely to be due as a result of termination or change of corporate office		Non-competition indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Didier Michaud-Daniel Chief Executive Officer Term of office start and end dates: See page 97.		√		√	√			√

In 2016, Didier Michaud-Daniel was entitled to a termination indemnity subject to a performance condition in respect of his corporate office, representing 12 months of gross compensation (fixed and variable compensation) in the event that his employment is terminated by the Company (except in the case of gross negligence, serious misconduct or force majeure) in the five years following the date on which he took up his position. It is calculated based on the average monthly fixed and variable compensation in the 12 calendar months prior to his departure. No benefit is paid if he leaves of his own accord or to exercise rights to retirement.

The payment of the indemnity was based on achieving the performance condition, materialized by a margin (management operating profit (REG) ratio/revenue) of more than 15% for the first financial year preceding his departure. No indemnity was due if the margin was less than 15%. The entire indemnity was due if the margin exceeded 15%. No payment could be made until the Board of Directors recorded that this performance condition had been achieved.

### Compensation of Wendel Corporate Officers holding a directorship in the Company

Pursuant to article L. 225-102-1, paragraph 2, of the French Commercial Code, as the Company is controlled by a company whose shares are admitted for trading on a regulated market, the amount of compensation and benefits in-kind (as well as the amount of compensation, indemnities or benefits due or likely to be due in the event of the take-up, termination or change of

corporate office duties of Bureau Veritas) that each Corporate Officer of the Company received during 2016 from (i) the Company, (ii) the companies it controls and (iii) the Company or companies that control it within the meaning of article L. 233-16 of the French Commercial Code, is indicated below.

### Corporate Officers of the Company holding a corporate office at Wendel

In the years ended December 31, 2015 and December 31, 2016, Frédéric Lemoine, Chairman of the Management Board of Wendel, was awarded the following compensation and benefits:

(in euros)	2016				2015	
	Gross fixed compensation (excluding Directors' fees)	Variable compensation	Directors' fees and other compensation <sup>(a)</sup>	Benefits in-kind	Total compensation	Total compensation
Frédéric Lemoine Chairman of the Management Board	960,535	1,050,120	264,022	12,407	2,287,084	2,237,662

(a) Including Directors' fees paid in respect of their positions as Director of Bureau Veritas, details of which are provided in Table 3 in this section.

Mr. Frédéric Lemoine's fixed remuneration and targets to be achieved to qualify for the variable portion are approved each year in February for that year by the Supervisory Board of Wendel, based on and after consideration of the proposal of the Governance Committee, which makes its recommendation for the total amount of remuneration with reference to market practices for listed companies and investment companies in Europe. The amount of variable remuneration is set in accordance with the results obtained in the year just ended, measured by objective criteria. Directors' fees are included in the total compensation.

### Corporate Officers of the Company holding salaried positions at Wendel

Stéphane Bacquaert, Associate Director, Stéphanie Besnier, Senior Director and Claude Ehlinger, Associate Director, held salaried positions within the Wendel group in 2016.

They were appointed members of the Company's Board of Directors on the basis of Wendel's indirect control of the Company (see section 3.1.1 – Board of Directors of this Registration document).

Stéphane Bacquaert, Stéphanie Besnier and Claude Ehlinger hold no other corporate office in the Bureau Veritas Group and receive no benefit or compensation of any kind other than the Directors' fees paid by the Company (see Table 3 in this section).

# 3

## Corporate governance Executive officers' compensation

These Directors' fees represent a minority of the payments and benefits in kind they receive in connection with their salaried positions within the Wendel group.

### **3.3.6 Service agreements involving Corporate Officers or Directors and Bureau Veritas or one of its subsidiaries**

At the date of filing this Registration document, there were no service agreements between Corporate Officers or Directors and the Company or its subsidiaries providing for any benefits.

## 3.4 Interests of Executive Corporate Officers, Directors and certain employees

### 3.4.1 Interests of Executive Corporate Officers and Directors in the capital

At December 31, 2016, the interests of Executive Corporate Officers and Directors in the capital of Bureau Veritas were as follows:

Executive Corporate Officer	Number of shares	Percentage of capital
Didier Michaud-Daniel	249,200	nm

Didier Michaud-Daniel, Chief Executive Officer, holds 1,110,720 stock purchase options awarded under the July 18, 2012, July 22, 2013, July 16, 2014, July 15, 2015 and June 21, 2016 plans.

A detailed description of stock purchase and subscription plans is provided in section 3.4.4 – Stock subscription and purchase options of this chapter.

Directors	Number of shares	Percentage of capital
Aldo Cardoso	12,000	nm
Frédéric Lemoine	1,200	nm
Stéphane Bacquaert	1,200	nm
Stéphanie Besnier	1,200	nm
Patrick Buffet	1,200	nm
Claude Ehlinger	1,200	nm
Nicoletta Giadrossi	1,200	nm
Ieda Gomes Yell	1,200	nm
Siân Herbert-Jones	1,200	nm
Pierre Hessler	1,200	nm
Pascal Lebard	1,200	nm
Jean-Michel Ropert	4,000	nm
Lucia Sinapi-Thomas	2,000	nm

### 3.4.2 Transactions executed by the management on Company shares

To the best of the Company's knowledge, and according to the declarations made to the AMF, transactions executed on Company shares by the management and persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) during 2016 were as follows:

Name	Capacity	Nature of the transaction	Transaction date	Unit price (€)	Transaction amount (€)	Description of the financial instrument
Claude Ehlinger	Director	Acquisition	11/09/2016	16.85	20,220.00	Shares
Stéphanie Besnier	Director	Acquisition	11/14/2016	16.82	20,184.00	Shares
Siân Herbert-Jones	Director	Acquisition	11/15/2016	17.00	20,400.00	Shares

To the best of the Company's knowledge, the following transactions were executed on Company shares by the management and persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code between the end of 2016 and the date of this Registration Document were as follows:

Name	Capacity	Nature of the transaction	Transaction date	Unit price (€)	Transaction amount (€)	Description of the financial instrument
Jean-Michel Ropert	Director	Acquisition	02/27/2017	17.80	32,040.00	Shares

### 3.4.3 Performance shares

Date of the Shareholders' Meeting	05/27/2011	05/22/2013	05/22/2013
Grant date	07/18/2012	07/22/2013	07/22/2013
Number of shares awarded (adjusted)	1,643,800	1,346,700	800,000
Total maximum number of Company shares to which the shares awarded grant (adjusted)	1,643,800	1,346,700	800,000
Number of shares vested	1,414,718	519,991	-
Number of shares canceled	229,082	194,487	80,000
Number of shares awarded and not yet vested	-	632,222	720,000
Total number of shares that can be vested by Corporate Officers	-	88,000	720,000
Total number of shares that can be vested by the top ten employee grantees	187,200	146,000	-
Expiration of vesting period	07/18/2016 or 07/18/2015 for employees of a French company	07/22/2017 or 07/22/2016 for employees of a French company	06/21/2021 or 06/21/2022
Duration of the retaining period starting from the transfer of ownership of the shares	None except for two years for employees of a French company	None except for two years for employees of a French company	2 years
Vesting conditions	Presence and performance <sup>(a)</sup>	Presence and performance <sup>(a)</sup>	Presence and performance <sup>(b)</sup>
Share price on the grant date (€)	18.05	21	21
Value of one share (€)	15.718	17.49	5.773

(a) Details of free share plans are provided in Table 9 of section 3.3.3.

(b) Details of the extraordinary grant of performance shares are provided in Table 9 of section 3.3.3.

05/22/2013	05/20/2015	05/17/2016	Total
07/16/2014	07/15/2015	06/21/2016	
1,291,600	1,136,200	1,131,650	7,349,950
1,291,600	1,136,200	1,131,650	7,349,950
4,048	1,972	-	1,940,729
461,187	85,230	20,800	1,070,786
826,365	1,048,998	1,110,850	4,338,435
51,920	78,320	80,000	1,018,240
146,000	158,000	147,000	784,200
07/16/2018 or 07/16/2017 for employees of a French company	07/15/2019 or 07/15/2018 for employees of a French company	06/21/2019	-
None except for two years for employees of a French company	None except for two years for employees of a French company	None	-
Presence and performance <sup>(a)</sup>	Presence and performance <sup>(a)</sup>	Presence and performance <sup>(a)</sup>	-
19.88	20.79	19.39	-
15.67	16.49	17.65	-

### 3.4.4 Stock subscription and purchase options

Date of the Shareholders' Meeting	06/18/2007	06/18/2007	06/18/2007	06/18/2007	05/27/2011
Plan date	06/09/2008	07/03/2009	07/23/2010	07/23/2010	07/18/2011 <sup>(a)</sup>
Number of shares concerned by stock subscription options awarded (adjusted)	549,600	1,066,000	540,000	436,800	714,000
Total maximum number of Company shares to which the options awarded grant (adjusted)	549,600	1,066,000	540,000	436,800	714,000
Number of options exercised	394,800	739,600	420,000	232,800	296,000
Number of options canceled	49,200	60,400	-	-	36,000
Number of stock options awarded and in force	105,600	266,000	120,000	204,000	382,000
Total number of shares that can be subscribed/purchased by Corporate Officers	-	480,000	540,000	-	-
Total number of shares that can be subscribed/purchased by the top ten employee grantees	354,000	399,970	-	403,820	414,000
Start of the option exercise period	06/09/2011	07/03/2012	07/23/2013	07/23/2013	07/18/2014
Option expiration date	06/09/2016	07/03/2017	07/23/2018	07/23/2018	07/18/2019
Subscription/purchase price adjusted at date of this Registration document (€)	9.590	8.750	11.580	11.580	14.420

(a) Stock purchase option plans.

05/27/2011	05/27/2011	05/22/2013	05/22/2013	05/20/2015	05/17/2016	Total
12/14/2011 <sup>(a)</sup>	07/18/2012 <sup>(a)</sup>	07/22/2013 <sup>(a)</sup>	07/16/2014 <sup>(a)</sup>	07/15/2015 <sup>(a)</sup>	06/21/2016 <sup>(a)</sup>	
260,000	1,346,400	1,240,800	1,261,200	1,344,000	1,312,400	10,071,200
260,000	1,346,400	1,240,800	1,261,200	1,344,000	1,312,400	10,071,200
176,580	78,952	-	-	-	-	2,607,940
4,940	17,654	72,827	824,509	66,000	12,000	912,823
78,480	1,249,794	1,167,973	1,252,200	1,278,000	1,300,400	6,550,437
255,060	240,000	240,000	240,000	240,000	240,000	2,390,820
-	411,080	414,770	438,000	474,000	455,000	3,764,640
12/14/2014	07/18/2015	07/22/2016	07/16/2017	07/15/2018	06/21/2019	-
12/14/2019	07/18/2020	07/22/2021	07/16/2022	07/15/2025	06/21/2029	-
13.280	17.540	21.010	20.280	20.510	19.35	-

## Options granted during 2016

### AGGREGATE INFORMATION

	Plan	Number of options awarded	Exercise price (€)
Stock purchase option plan	06/21/2016	1,312,400	19.35
<b>TOTAL</b>		<b>1,312,400</b>	

Information on the executive officers can be found in section 3.3-Executive officers' compensation of this Registration document.

## Options exercised during 2016

### AGGREGATE INFORMATION

	Plan	Number of options exercised	Exercise price (€)
Stock subscription option plan	06/09/2008	105,600	9.59
Stock subscription option plan	07/03/2009	32,000	8.75
Stock subscription option plan	07/23/2010	12,000	11.58
Stock purchase option plan	07/18/2011	14,000	14.42
Stock purchase option plan	07/18/2012	105,608	17.54
Stock purchase option plan	07/22/2013	0	21.01
<b>TOTAL</b>		<b>269,208</b>	

Information on the executive officers can be found in section 3.3 - Executive officers' compensation of this Registration document.

## Stock subscription or purchase options awarded to the top ten employee grantees (excluding Corporate Officers) and options exercised by the latter

Nature of the options	Total number of options awarded/shares subscribed or purchased	Weighted average price
Options granted during the year by the issuer and by any company within the scope of the award to the ten employees of the issuer and of any company within this scope awarded the highest number of options (aggregate information)	455,000	€19.35
Options granted by the issuer and by the companies referred to above, exercised during the year by the ten employees of the issuer or its subsidiaries having subscribed to or purchased the highest number of options (aggregate information)	51,600 <sup>(a)</sup>	€9.59
	12,000 <sup>(b)</sup>	€11.58
	14,000 <sup>(c)</sup>	€14.42
	19,208 <sup>(d)</sup>	€17.54

(a) Stock subscription option plan of June 9, 2008.

(b) Stock subscription option plan of July 23, 2010.

(c) Stock subscription option plan of July 18, 2011.

(d) Stock subscription option plan of July 18, 2012.

## 3.4.5 Potential impact of shares giving access to Company capital

At December 31, 2016, a total of 546,000 shares would be issued if all Bureau Veritas stock options were to be exercised. Based on the number of shares comprising the Company's share capital at December 31, 2016 (442,000,000 shares), issuing all of these shares would represent 0.12% of Bureau Veritas' capital.

Based on the share capital at December 31, 2016, issuing all of the 4,338,435 performance shares awarded would result in a further maximum potential dilution of 0.98%, bringing the total dilutive effect (stock options and performance shares) to 4,884,435 shares, or 1.10% of the Company's capital.

# 4

## Management report RFA



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Components of the Annual Financial Report are identified in this table of contents with the sign RFA

This report covers the Group's results and business activities for the year ended December 31, 2016 and was prepared based on the 2016 consolidated financial statements, included in section 5.1 of this Registration document.

## 4.1 2016 highlights

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### 4.1.1 Growth Initiatives ramp-up, offsetting down-cycle activities

Organic growth was negative 0.6% over the full year including negative 0.3% in the last quarter. This number reflects mixed performances by business with notably:

- a 1.7 point positive contribution to the Group's organic growth from the activities under the eight Growth Initiatives (€80 million of incremental revenue). A strong performance was achieved in Agri-Food, Building & Infrastructure, Opex and Automotive, which positively contributed to the performances of the Commodities, Certification, Construction, IVS and Consumer Products businesses.
- a 1.9 point negative impact on the Group's organic growth from declining commodities markets. This includes i) a 20% decline

year-on-year for Oil & Gas activities dependent on new investments (capex; below 6% of Group revenue) and ii) a mid-single digit decline for upstream-related activities in the Metals & Minerals segment (now less than 4% of revenue) despite positive growth in the second half of 2016 thanks to the rebound in Metallurgical testing.

These results support the Group's emphasis on targeted Growth Initiatives, and its continuous adjustment of the cost base in commodities-related activities (including GSIT), and more recently in Marine & Offshore. This led to restructuring charges of €42.6 million, essentially people-related, with rapid pay back.

### 4.1.2 Nine acquisitions in 2016, all supporting the Growth Initiatives

In 2016, the Group completed nine acquisitions, representing €124 million in annualized revenue (or 2.7% of 2016 Group revenue). The scope effect was €80.9 million in 2016.

Bureau Veritas carried out a number of bolt-on acquisitions, simultaneously broadening its services offering to existing clients and gaining access to new ones in markets where the Group already has a significant platform.

Positions were strengthened in the Building & Infrastructure market in the United Kingdom (HCD) and in China (Chongqing Liansheng), in Certification (Cepas), in the Opex services for

petrochemicals in the United States (Summit), and in a wide range of high value added services for the Marine & Offshore market (TMC, MAC).

Other acquisitions carried out in 2016 targeted markets where the Group is currently building its platform. The acquisition of an automotive conformity assessment body in China (VEO) and of the leading provider of Agri-Food testing in Australia (DTS), complemented by a smaller deal in Agri in Brazil (KMA) are further notable steps taken in this process.

### 4.1.3 Successful bond refinancing

€700 million raised through a 7-year and 10-year non-rated bond issue on August 31, 2016, with coupons of 1.25% and 2% respectively.

## 4.2 Business review and results

(€ millions)	2016	2015	Change
<b>Revenue</b>	<b>4,549.2</b>	<b>4,634.8</b>	<b>(1.8%)</b>
Purchases and external charges	(1,340.3)	(1,322.9)	
Personnel costs	(2,349.9)	(2,383.9)	
Other expenses	(249.3)	(351.1)	
<b>Operating profit</b>	<b>609.7</b>	<b>576.9</b>	<b>+5.7%</b>
Share of profit of equity-accounted companies	0.8	0.8	
Net financial expense	(86.5)	(89.3)	
<b>Profit before income tax</b>	<b>524.0</b>	<b>488.4</b>	<b>+7.3%</b>
Income tax expense	(188.9)	(220.7)	
<b>Net profit</b>	<b>335.1</b>	<b>267.7</b>	<b>+25.2%</b>
Non-controlling interests	15.7	12.4	
<b>ATTRIBUTABLE NET PROFIT</b>	<b>319.4</b>	<b>255.3</b>	<b>+25.1%</b>

### 4.2.1 Revenue

Bureau Veritas revenue totaled €4,549.2 million in full-year 2016, down 1.8% year-on-year. This reflects:

- slightly negative organic growth <sup>(1)</sup> of 0.6%;
- a positive 2.0% impact from changes in the scope of consolidation; and
- a negative 3.2% impact from currency fluctuations related to the unfavorable performance of most emerging market currencies as well as the pound sterling against the euro.

### 4.2.2 Operating profit

Consolidated operating profit was €609.7 million in 2016, up 5.7% on the figure for 2015 which included negative one-off items reducing profit. Expenses relating to purchases and personnel costs remained broadly stable year-on-year.

### 4.2.3 Adjusted operating profit

The Group internally monitors “adjusted” operating profit which management considers more representative of the operating performance in its business sector. This indicator is also used by most companies in the TIC industry.

Adjusted operating profit is defined as operating profit before income and expenses relative to acquisitions and other non-recurring items.

The table below shows a breakdown of adjusted operating profit in 2016 and 2015.

(€ millions)	2016	2015	Change
<b>Operating profit</b>	<b>609.7</b>	<b>576.9</b>	<b>+5.7%</b>
Amortization of intangible assets resulting from acquisitions	79.5	86.7	
Restructuring costs	42.6	20.8	
Acquisition and disposals	3.1	0.8	
Impairment of goodwill	-	90.0	
<b>Total non-recurring items</b>	<b>125.2</b>	<b>198.3</b>	
<b>ADJUSTED OPERATING PROFIT</b>	<b>734.9</b>	<b>775.2</b>	<b>(5.2%)</b>

(1) Organic growth for 2016 reflects year-on-year revenue growth at constant currency and scope.

Non-recurring items totaled €125.2 million in the year, compared to €198.3 million in 2015, and comprised:

- €79.5 million in amortization of intangible assets resulting from acquisitions. This includes accelerated amortization of customer relationships in the oil and industry sectors in the Americas region for around €10 million;
- €42.6 million in restructuring costs recognized in all regions and businesses, concerning in particular the Americas and businesses exposed to Oil & Gas and Metals & Minerals markets;

- €3.1 million relating mainly to acquisition fees arising on acquisitions carried out in the year.

In 2015, non-recurring items included €90 million in goodwill impairment relating to the Commodities business.

The Group's operating profit adjusted for non-recurring items fell by 5.2% to €734.9 million in 2016.

Adjusted operating margin expressed as a percentage of revenue was 16.2% in 2016, down 55 basis points on 2015. On a constant currency basis, the adjusted operating margin was down 35 basis points on the same year-ago period. This chiefly reflects the impact of the cyclical oil & gas markets (Industry and GSIT).

## 4.2.4 Net financial expense

Consolidated net financial expense essentially includes interest and amortization of debt issuance costs, income received in connection with loans, debt securities or equity instruments, or other financial instruments held by the Group, and unrealized gains and losses on marketable securities as well as gains or losses

on foreign currency transactions and adjustments to the fair value of financial derivatives. It also includes the interest cost on pension plans, the expected income or return on funded pension plan assets and the impact of discounting long-term provisions.

### CHANGE IN NET FINANCIAL EXPENSE

(€ millions)	2016	2015
Finance costs, gross	(92.8)	(86.2)
Income from cash and cash equivalents	2.9	6.2
<b>Finance costs, net</b>	<b>(89.9)</b>	<b>(80.0)</b>
Foreign exchange gains/(losses)	8.7	(3.6)
Interest cost on pension plans	(2.8)	(2.8)
Other	(2.5)	(2.9)
<b>NET FINANCIAL EXPENSE</b>	<b>(86.5)</b>	<b>(89.3)</b>

The Group's net financial expense totaled €86.5 million in 2016, compared to €89.3 million in 2015.

- The increase in net finance costs to €89.9 million in 2016, up from €80.0 million in 2015, essentially derives from (i) the increase in average indebtedness owing to the September 2016 bond issues, partly offset by a decrease in the average interest rates and (ii) a decrease in income from cash and cash equivalents.

- The Group's foreign exchange gains and losses result from the impact of currency fluctuations on the assets and liabilities of the Group's subsidiaries denominated in a currency other than their functional currency. In 2016, the sharp rise in the US dollar and the euro against several emerging market currencies generated €8.7 million in foreign exchange gains.

- The interest cost on pension plans remained stable.

## 4.2.5 Income tax expense

Income tax expense on consolidated revenue amounted to €188.9 million in 2016 compared to €220.7 million in 2015. The effective tax rate, corresponding to the income tax expense divided by the amount of pre-tax profit, was 36.0% in 2016 compared with 45.2% in 2015.

The effective tax rate adjusted for non-recurring items recorded within operating profit was 34.6%, down 2.4 basis points on 2015. This primarily reflects the lesser impact of non-recurring items relating to tax disputes in 2016.

## 4.2.6 Attributable net profit

Attributable net profit for the period was €319.4 million versus €255.3 million in 2015. Earnings per share (EPS) came out at €0.73, compared to €0.58 in 2015.

## 4.2.7 Attributable adjusted net profit

Attributable adjusted net profit is defined as attributable net profit adjusted for other non-recurring items after tax.

### CHANGE IN ADJUSTED NET PROFIT

(€ millions)	2016	2015
<b>Attributable net profit</b>	<b>319.4</b>	<b>255.3</b>
EPS <sup>(a)</sup> (in euros per share)	0.73	0.58
Non-recurring items	125.2	198.3
Tax impact on non-recurring items	(35.6)	(33.3)
<b>ATTRIBUTABLE ADJUSTED NET PROFIT</b>	<b>409.0</b>	<b>420.3</b>
<b>Adjusted EPS<sup>(a)</sup> (in euros per share)</b>	<b>0.94</b>	<b>0.96</b>

(a) Calculated using the weighted average number of shares: 437,147,988 shares in 2016 and 437,776,451 shares in 2015.

Attributable adjusted net profit amounted to €409.0 million, a decrease of 2.7% compared to 2015. Adjusted earnings per share came out at €0.94 versus €0.96 one year earlier.

## 4.2.8 Results by business

### CHANGE IN REVENUE BY BUSINESS

(€ millions)	2016	2015 <sup>(1)</sup>	Growth		
			Total	At constant currencies	Organic
Marine & Offshore	391.9	405.3	(3.3)%	(0.6)%	(2.2)%
Industry	900.7	1,046.7	(13.9)%	(9.1)%	(9.7)%
IVS	602.5	598.4	0.7%	3.5%	3.5%
Construction	592.8	552.2	7.4%	8.5%	1.0%
Certification	353.5	344.6	2.6%	6.1%	6.0%
Commodities	833.1	826.5	0.8%	4.8%	2.0%
Consumer Products	629.9	603.2	4.4%	6.5%	3.8%
GSIT	244.8	257.9	(5.1)%	(2.4)%	(2.4)%
<b>TOTAL GROUP</b>	<b>4,549.2</b>	<b>4,634.8</b>	<b>(1.8)%</b>	<b>1.4%</b>	<b>(0.6)%</b>

IVS: In-Service Inspection & Verification.

GSIT: Government Services & International Trade.

### CHANGE IN ADJUSTED OPERATING PROFIT BY BUSINESS

(€ millions)	Adjusted operating profit			Adjusted operating margin		
	2016	2015 <sup>(1)</sup>	Change	2016	2015	Change (basis points)
Marine & Offshore	99.2	107.1	(7.4)%	25.3%	26.4%	(110)
Industry	118.0	149.4	(21.0)%	13.1%	14.3%	(120)
IVS	82.9	82.7	0.2%	13.8%	13.8%	0
Construction	94.6	85.3	10.9%	16.0%	15.4%	+60
Certification	60.3	58.8	2.6%	17.1%	17.1%	0
Commodities	100.5	94.4	6.5%	12.1%	11.4%	+70
Consumer Products	155.1	154.9	0.1%	24.6%	25.7%	(110)
GSIT	24.3	42.6	(43.0)%	9.9%	16.5%	(660)
<b>TOTAL GROUP</b>	<b>734.9</b>	<b>775.2</b>	<b>(5.2)%</b>	<b>16.2%</b>	<b>16.7%</b>	<b>(55)</b>

(1) Some reallocations between business lines were made in 2016. 2015 data have been restated to enable better comparability

## Marine & Offshore

Revenue fell 0.6% on a constant currency basis, including 2.2% negative organic growth and acquisition-led growth of 1.6% resulting mainly from the acquisition of TMC in May.

Revenue for the in-service ships segment (59% of 2016 revenue) declined. The Group saw an increase in the fleet classed in 2016, but was hit by a rise in the number of ships put into lay-up and a double-digit fall in services for offshore clients.

At December 31, 2016, the fleet classed by Bureau Veritas was composed of 11,345 ships (up 0.4% versus December 31, 2015) and represented 113.9 million gross tons (up 4.4% on 2015).

Growth in revenue from ships under construction (41% of 2016 revenue) slowed sharply in the year, reflecting a particularly challenging market for new-builds, especially in Asia. The new order intake for the year represented 1.9 million tons, compared to 6.9 million tons one year earlier.

2016 was therefore a mixed year, with a decline in new orders for bulk carriers and container ships (together representing 13% of the fleet classed by Bureau Veritas in terms of number of vessels) over the past few quarters.

The adjusting operating margin for the year came in at 25.3%, down 110 basis points compared to 2015, due mainly to the downturn in new-build activity, which hit shipyards in Asia particularly hard.

The market should remain morose for bulk carriers and container ships in 2017, partly offset by better momentum in passenger ships. The in-service ships segment is expected to prove resilient, with the exception of the offshore market which is more sensitive to fluctuations in oil prices. The regulatory environment will remain supportive, with new regulations on ballast water, MRV and the Inventory of Hazardous Materials (IHM).

In this setting, Bureau Veritas will continue to pursue its digital drive and to roll out high value-added services.

## Industry

Revenue fell 9.1% on a constant currency basis, including an organic decline of 9.7% and acquisition-led growth of 0.6% resulting from the acquisition of US-based Summit in June.

Oil & Gas capex-related activities (around 25% of revenue) continued their sharp downward spiral in 2016. The slump was particularly noticeable in the Americas and in Australia, which saw double-digit declines in organic figures. Opex-related activities (22% of revenue) expanded, as the rise in volumes on the back of strategic initiatives offset the downward pressure on prices.

The situation in other markets was mixed, with the termination of a nuclear contract in Argentina weighing on performance.

The adjusted operating margin was 13.1%, a drop of 120 basis points compared to 2015. The contraction in activities relating to the Oil & Gas segment was partly offset by measures taken to reduce costs in the worst-affected regions.

For 2017, with low oil prices leading to a drop in business volumes as well as downward pressure on prices, Bureau Veritas expects a further decline in revenue on an organic basis. However, in the

second half of 2017 the Group should benefit from weaker prior-year comparative figures and from the positive impact of diversifying its industry exposure and its efforts to strengthen its foothold on Opex markets.

## In-Service Inspection & Verification (IVS)

The business delivered organic revenue growth of 3.5% on a constant currency basis.

Growth proved resilient overall in 2016, despite slowing in the fourth quarter on the back of a tough comparison basis, particularly in France (44% of revenue) and the United Kingdom. The business continued to gain ground in the rest of Europe. North American operations (22% of revenue) also saw robust growth, with a sharp advance in the United States driven by good sales momentum, and in Canada, spurred by a peak in business following a leak at a pipeline.

The adjusted operating margin remained stable year-on-year, at 13.8%.

The business should continue to grow in 2017, buoyed by commercial development in selected regions and an increase in voluntary inspection activities, particularly in Asia. The Group will continue to roll out tools aimed at increasing productivity in its network and will step up digitalization of its inspections.

## Construction

Revenue climbed 8.5% on a constant currency basis, including organic growth of 1.0% and acquisition-led growth of 7.5%, resulting chiefly from the acquisition of HCD in February and Chongqing Liansheng in March.

The Construction business delivered weak organic growth in 2016, reflecting the absence of growth in the Group's main regions, i.e. Europe (42% of revenue) and Asia (32% of revenue), more than offset by an upturn in the Americas. This region was boosted by the successful expansion in Latin American countries, spurred by infrastructure projects in Argentina and Chile.

France (37% of revenue) saw its rally put on hold in 2016, with moderate growth in activities related to new investments which, despite an acceleration towards the end of the year, was offset by services related to existing assets which were down sharply. This results from an unfavorable comparison basis (favorable regulatory developments in second-half 2015).

Revenue in China declined slightly in 2016 owing to the country's exposure to the Oil & Gas market, although it posted a quarter-on-quarter improvement at the end of the year.

The adjusted operating margin widened 60 basis points year-on-year to 16.0%, powered by an improved geographical mix.

Looking ahead, market trends and the Group's order book point to growth in France for 2017. Business is also expected to prove upbeat in the United States and Asia – particularly China – as activities exposed to the Oil & Gas market stabilize and opportunities for diversification into energy and infrastructure projects develop.

## Certification

Revenue increased 6.1% on a constant currency basis, including organic growth of 6.0%.

The segment delivered a strong performance in all major service categories, with an improved contribution from training activities and certification schemes for the Agri-Food and Transport segments. The Americas, Asia and the Middle East led the growth push, while Europe turned in a more uneven performance, with good growth in the United Kingdom and Eastern Europe offsetting a slowdown in France and Spain.

The adjusted operating margin remained stable year-on-year, at 17.1%.

In 2017, Bureau Veritas should benefit from standards and sector schemes that were revamped in 2015 and 2016 (ISO 9000, ISO 14000, AS 9100 in aeronautics and IATF in automotive), along with new product and service launches in fast-growing segments such as risk management and personal data. More generally, the issue of brand protection will add to growth in the Certification business.

## Commodities

Revenue climbed 4.8% on a constant currency basis, including organic growth of 2.0% and acquisition-led growth of 2.8% resulting from the consolidation of Australia-based DTS in April.

The Oil & Petrochemicals segment (49% of revenue) reported robust 3.1% organic growth thanks to gains in market share stemming from the roll-out of services in the network (oil condition monitoring, marine fuel, etc.) and from new installations.

Metals & Minerals (33% of revenue) retreated 2.8% on an organic basis. Upstream activities rallied in the second half, buoyed especially by gold and by Australia. Trade-related activities reported weak growth in 2016 owing to downward pressure on prices and a less favorable mix. Growth chiefly resulted from non-ferrous metals.

Agri-Food (18% of revenue) enjoyed vigorous 9.8% organic growth in 2016, slowing sharply in the fourth quarter owing to harsh weather conditions towards the end of the year and the termination of a contract in South America.

The adjusted operating margin for the year gained 70 basis points at 12.1%, up from 11.4% in 2015 thanks to an upswing in upstream activities.

The environment should be broadly upbeat for the entire division in 2017, with less growth disparity between the various segments. Metals & Minerals should benefit from the rally in commodity prices.

## Consumer Products

Revenue climbed 6.5% on a constant currency basis, including organic growth of 3.8% and acquisition-led growth of 2.7%, resulting chiefly from the acquisition of VEO in May.

Textiles (37% of revenue) delivered robust growth in 2016, spurred by gains in market share and the development of major programs boosting activities in the Asia region. The timing of the Chinese New Year also gave Textiles an added boost at the end of the year.

Toys, Hardlines & Inspections (32% of revenue) remained broadly stable in 2016, with the reduction in Toys offset by better growth in Hardlines and a solid advance in on-site Inspections.

Electrical & Electronics (31% of revenue) saw growth accelerate in 2016, more in line with market dynamics, as the negative impact of a key account in the mobile segment was spread over the full year. Automotive continued to report strong double-digit growth.

The adjusted operating margin for the year declined 110 basis points to 24.6%, owing to an unfavorable business mix and negative currency impact.

In 2017, the business should grow at least in line with 2016, with overall performance boosted by good momentum in Textiles and by developments in SmartWorld and Automotive initiatives.

## Government Services & International Trade

Revenue fell 2.4% on a constant currency basis, due solely to the decline in organic growth.

Government contract business (33% of revenue) was down sharply in 2016, owing to time lags in the contribution of the new "single window" contracts, the termination of certain conventional contracts, and more generally the impact of lower commodity prices on volumes as well as the value of imports intended for West African countries.

Verification of Conformity contracts (26% of revenue) were up slightly, thanks chiefly to the Group's presence in East African countries. Growth in these countries offset the decline in the Iraqi program.

Automotive operations (27% of revenue) advanced sharply in 2016, while international trade (14% of revenue) dipped slightly.

The adjusted operating margin was 9.9% in 2016, down 660 basis points on 2015 owing to the downturn in business volumes on contracts with a significant fixed cost base.

Visibility for the business in 2017 remains limited since it is contingent on commodity price trends as well as the geopolitical situation of the main countries in which the Group does business. Automotive will harbor the majority of growth opportunities.

## 4.3 Cash flows and sources of financing

### 4.3.1 Cash flows

<i>(€ millions)</i>	<b>2016</b>	<b>2015</b>
Profit before income tax	524.0	488.4
Elimination of cash flows from financing and investing activities	61.1	60.6
Provisions and other non-cash items	57.9	46.9
Depreciation, amortization and impairment	202.4	293.3
Movements in working capital attributable to operations	(37.2)	48.5
Income tax paid	(213.8)	(231.6)
<b>Net cash generated from operating activities</b>	<b>594.4</b>	<b>706.1</b>
Acquisitions of subsidiaries	(189.8)	(99.7)
Proceeds from sales of subsidiaries and businesses	0.7	(1.6)
Purchases of property, plant and equipment and intangible assets	(156.6)	(169.4)
Proceeds from sales of property, plant and equipment and intangible assets	10.7	3.8
Purchases of non-current financial assets	(10.7)	(13.7)
Proceeds from sales of non-current financial assets	19.3	6.1
Change in loans and advances granted	1.0	10.5
<b>Dividends received from equity-accounted companies</b>	<b>0.5</b>	<b>-</b>
<b>Net cash used in investing activities</b>	<b>(324.9)</b>	<b>(264.0)</b>
Capital increase	1.0	11.7
Purchases/sales of treasury shares	(42.8)	(45.2)
Dividends paid	(255.1)	(249.7)
Increase in borrowings and other financial debt	742.5	387.1
Repayment of borrowings and other financial debt	(35.9)	(161.4)
Repayment of amounts owed to shareholders	(13.3)	(3.9)
Interest paid	(86.0)	(78.4)
<b>Net cash generated from financing activities</b>	<b>310.4</b>	<b>139.8</b>
Impact of currency translation differences	(2.6)	(1.8)
Impact of change in accounting policy	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>577.3</b>	<b>300.5</b>
Net cash and cash equivalents at beginning of year	510.8	210.3
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,088.1</b>	<b>510.8</b>
o/w cash and cash equivalents	1,094.1	522.9
o/w bank overdrafts	(6.0)	(12.1)

## Net cash generated from operating activities

Net cash generated from operating activities fell 15.8% to €594.4 million. This reflects the decline in earnings and a rise in working capital requirement.

The change in WCR at year-end corresponds to €37.2 million in uses of funds in 2016, compared to €48.5 million in sources of funds in 2015, mainly owing to more challenging cash generation in slowing operations such as Oil & Gas and Metals & Minerals and, to a lesser extent, to changes in payment procedures for indirect taxes and social security contributions in France.

Working capital requirement was €454.6 million at December 31, 2016; as a percentage of revenue it moved up to 10.0% from 8.9% at end-2015.

Free cash flow (net available cash flow after tax, interest expense and acquisitions of property, plant and equipment and intangible assets) was €362.5 million in 2016, down 15.8% on 2015.

(€ millions)	2016	2015
<b>Net cash generated from operating activities</b>	<b>594.4</b>	<b>706.1</b>
Purchases of property, plant and equipment and intangible assets	(156.6)	(169.4)
Proceeds from sales of property, plant and equipment and intangible assets	10.7	3.8
Interest paid	(86.0)	(78.4)
<b>FREE CASH FLOW</b>	<b>362.5</b>	<b>462.1</b>

### Purchases of property, plant and equipment and intangible assets

The Group's inspection and certification activities are fairly non capital-intensive, whereas its laboratory testing and analysis activities require investment in equipment. These investments concern the Consumer Products and Commodities businesses and certain customs inspection activities (GSIT business) requiring scanning equipment and information systems.

Purchases of property, plant and equipment and intangible assets net of disposals amounted to €145.9 million in the year, compared to €165.6 million in 2015. The Group's capex-to-revenue ratio came out at 3.2% in 2016, compared to 3.6% in 2015.

### Interest paid

Interest paid increased to €86.0 million owing to the pre-financing of the August 2016 bond issue.

## Net cash used in investing activities

Net cash used in investing activities reflects the Group's acquisition-led growth. The breakdown of acquisitions made by the Group can be presented as follows:

(€ millions)	2016	2015
Purchase price of acquisitions	(181.6)	(107.6)
Cash and cash equivalents of acquired companies	9.8	26.4
Contingent price consideration payable in respect of acquisitions in the year	40.1	14.1
Purchase price paid in relation to acquisitions in prior periods	(52.3)	(30.0)
<b>Impact of acquisitions on cash and cash equivalents</b>	<b>(184.0)</b>	<b>(97.1)</b>
Acquisition fees	(5.8)	(2.6)
<b>ACQUISITIONS OF SUBSIDIARIES</b>	<b>(189.8)</b>	<b>(99.7)</b>

### Acquisitions and disposals of companies

The Group carried out nine acquisitions in 2016. A detailed description of these acquisitions is included in section 4.1 – 2016 Highlights and in Note 12 to the 2016 consolidated financial statements included in section 5.1 of this Registration document.

The net financial impact of the acquisitions was €204.7 million, and includes:

- €189.8 million in respect of acquisitions of subsidiaries;
- €2.3 million in financial debt of acquired companies;
- €13.3 million relating to purchases of non-controlling interests;
- €0.7 million relating to the positive impact on disposals of subsidiaries.

### Net cash generated from financing activities

#### Capital transactions (capital increases/reductions and share buybacks)

To cover its stock option plans, the Company carried out share buybacks net of capital increases in 2016 in an amount of €41.8 million.

#### Dividends paid

In 2016, the Group paid out €255.1 million in dividends, including €222.8 million paid by Bureau Veritas SA to its shareholders in respect of 2015 (dividend of €0.51 per share).

#### Financial debt

Gross financial debt on the statement of financial position increased by €692.5 million at December 31, 2016 compared with December 31, 2015. This chiefly reflects the 2016 pre-financing of the €500 million bond issue maturing in May 2017.

Adjusted net financial debt rose by €133.7 million.

## 4.3.2 Financing

### Sources of Group financing

#### Main sources of financing

At December 31, 2016, the Group's gross debt totaled €3,082.4 million, comprising:

Non-bank financing:

- 2008 US Private Placement (€325.9 million);
- 2010 US Private Placement (€184.1 million);
- 2011 & 2014 US Private Placement (€189.7 million);
- 2013 & 2014 US Private Placement (€142.3 million);

- different tranches of the Schuldschein "SSD" notes (€287 million); and
- 2012, 2014 and 2016 bond issues (€1.7 billion).

Bank financing:

- 2012 syndicated loan (undrawn);
- 2015 USD bank financing carried by Bureau Veritas Holdings, Inc. (€189.7 million);
- other bank debt (€20.2 million);
- bank overdrafts (€6 million);

Other bank debt and accrued interest (€37.5 million).

The change in the Group's gross debt is shown below:

(€ millions)	2016	2015
Bank borrowings due after one year	2,492.9	2,311.0
Bank borrowings due within one year	583.5	66.8
Bank overdrafts	6.0	12.1
<b>GROSS DEBT</b>	<b>3,082.4</b>	<b>2,389.9</b>

The table below shows the change in cash and cash equivalents and net debt:

(€ millions)	2016	2015
Marketable securities	668.7	323.9
Cash at bank and on hand	425.4	199.0
<b>Cash and cash equivalents</b>	<b>1,094.1</b>	<b>522.9</b>
Gross debt	3,082.4	2,389.9
<b>NET DEBT</b>	<b>1,988.3</b>	<b>1,867.0</b>
Currency hedging instruments	8.1	(4.3)
<b>ADJUSTED NET DEBT</b>	<b>1,996.4</b>	<b>1,862.7</b>

Adjusted net financial debt (net financial debt after currency hedging instruments as defined in the calculation of covenants) amounted to €1,996.4 million at December 31, 2016, compared to €1,862.7 million at December 31, 2015.

Marketable securities mainly represent the short-term investment of Bureau Veritas' cash surpluses at end-2016.

### Covenants

The majority of the Group's financing requires compliance with certain financial covenants and ratios. The Group complied with all such commitments at December 31, 2016. The commitments can be summarized as follows:

- the first covenant is defined as the ratio of adjusted consolidated net financial debt divided by consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted over the preceding 12 months for any acquired entities. The ratio must be below 3.25. At December 31, 2016, it stood at 2.20.
- the second covenant represents consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted over the preceding 12 months for any acquired entity, divided by the Group's net interest expense. The ratio must be above 5.5. At December 31, 2016, it stood at 10.11.

## Main terms and conditions of financing

### 2008 US Private Placement

On July 16, 2008, the Group put in place a private placement in the United States (2008 USPP) for USD 266 million and GBP 63 million. The terms and conditions of this financing are as follows:

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
July 2018	173.9	GBP & USD	At maturity	Fixed
July 2020	152.0	GBP & USD	At maturity	Fixed

This issue was carried out in the form of four senior notes redeemable at maturity. The 2008 Private Placement has been fully drawn down.

### 2010 US Private Placement

The terms and conditions of this financing (USPP 2010) are as follows:

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
July 2019	184.1	EUR	At maturity	Fixed

At December 31, 2016, the 2010 US Private Placement was fully drawn down in euros for a total of €184.1 million.

### 2011 & 2014 US Private Placement

In 2011, the Group set up an unconfirmed, multi-currency USD 200 million facility with an investor.

The Group confirmed it had drawn down USD 100 million of this facility in 2011 with a ten-year term, and USD 100 million in May 2014 with an eight-year term.

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
October 2021	94.8	USD	At maturity	Fixed
May 2022	94.9	USD	At maturity	Floating

At December 31, 2016, the facility was fully drawn down in US dollars.

### 2013 & 2014 US Private Placement

In October 2013, the Group set up an unconfirmed, multi-currency facility of USD 150 million with an investor, available for three years.

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
September 2020	71.2	USD	At maturity	Floating
July 2022	23.7	USD	At maturity	Floating
July 2022	47.4	USD	At maturity	Fixed

At December 31, 2016, the facility was fully drawn down in US dollars.

### Schuldschein notes (SSD)

In 2011 and 2012, the Group put in place multi-tranche Schuldschein-type private placements on the German market for a total amount of €193 million, redeemable at maturity. A total of €92 million of this debt was redeemed in 2015 and €14 million in 2016.

A new private placement for €200 million was set up in July 2015, maturing at five and seven years. The total amount outstanding under this facility represented €287 million at December 31, 2016. The margins on the SSD notes vary depending on the term of the borrowings.

## 2012, 2014 and 2016 bond issues

The Group carried out four non-rated bond issues for a total amount of €1.7 billion, including two issues in 2016: a €500 million bond maturing at seven years and a €200 million bond maturing at ten years. The bonds have the following terms and conditions:

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
May 2017	500	EUR	At maturity	3.750%
January 2021	500	EUR	At maturity	3.125%
September 2023	500	EUR	At maturity	1.250%
September 2026	200	EUR	At maturity	2.000%

### Commercial paper

The Group put in place a commercial paper program to optimize its short-term cash management wherever possible and to limit its use of other financing. The maturity of commercial paper is less than one year. This program is capped at €450 million.

At December 31, 2016, the Group had not issued any commercial paper.

### 2015 bank financing

The Group set up a USD 200 million bank financing facility for a term of four years.

Maturity	Amounts drawn down (€ millions)	Currency	Repayment	Interest
October 2019	189.7	USD	At maturity	Floating

At December 31, 2016, the 2015 bank financing facility carried by Bureau Veritas Holdings, Inc. had been fully drawn down in US dollars.

## Sources of financing anticipated for future investments

The Group estimates that its operations will be able to be fully funded by the cash generated from its operating activities.

In order to finance its external growth, at December 31, 2016 the Group had sources of funds provided by:

- available cash flow after taxes, interest and dividends;
- cash and cash equivalents;
- the confirmed amount of €450 million available under the 2012 syndicated loan at December 31, 2016. The availability of this facility depends on the Group complying with its covenants.

### 2012 syndicated loan

On July 27, 2012, the Group contracted a new five-year revolving syndicated loan for €450 million. The loan agreement was amended in 2014 to extend the loan's maturity to April 2019.

At December 31, 2016, the 2012 syndicated loan had not been drawn down.

## Ongoing and planned investments

### Main investments in progress

At end-December 2016, the main investments in progress represented €8.9 million and mainly concerned:

- the Consumer Products division, for a project related to automotive testing in China (€2.1 million) along with laboratory extension projects in South-East Asia (€2.0 million) and in the United States (€0.9 million);
- the Commodities division, for laboratory projects relating to Oil markets in China (€1.6 million) and in Southern Europe (€0.7 million);
- the GSIT division, in connection with a new "single window" contract in the Democratic Republic of Congo (€1.6 million).

### Main planned investments

The 2017 capital expenditure budget is around €135 million, below 2016 expenditure (€157 million).

## 4.4 Events after the end of the reporting period

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### Siemic

On January 18, 2017, Bureau Veritas acquired Siemic, Inc., an American testing and certification body for electrical and electronic equipment. Established in 2003, Siemic is headquartered at Milpitas in Silicon Valley, and has testing facilities in California and China. It also has branch offices in Taiwan. The company has almost 100 employees and estimated revenue of €9.5 million in 2016.

### Shanghai Project Management

On February 21, 2017, Bureau Veritas completed the acquisition of Shanghai Project Management, a company specialized in mandatory construction project supervision for infrastructure and non-residential high rise buildings with a leading position in China, in particular in the Shanghai area. Its revenue for 2015 was around €50 million.

### Schutter

On March 2, 2017, Bureau Veritas announced it had acquired Schutter Groep, a provider of Inspection and Testing services to the global agri-food markets. Headquartered in Rotterdam, Schutter Group has 600 employees in 11 countries and has been providing quality solutions for nearly 170 years, principally in the field of edible oils and fats, grains, animal feed and bio-fuel. The company generated around €35 million revenues in 2016.

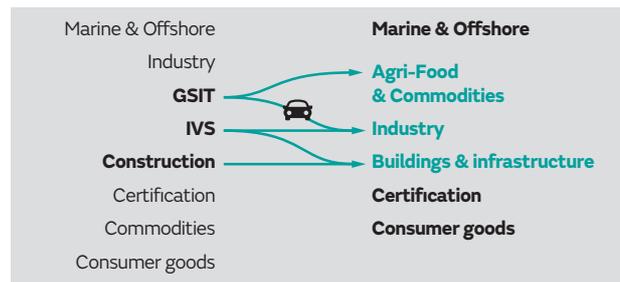
## 4.5 Change in segment reporting for results

In 2017, Bureau Veritas changed the segment reporting for its results to reflect its business approach, focused primarily on end markets. This approach was adopted in 2016 and resulted in the merger of the Commodities and Industry & Facilities businesses within a single Commodities, Industry & Facilities (“CIF”) division and in the creation of an Agri-Food segment included within the Commodities business. In line with these changes and consistent with the Group’s new operational organization, as from January 1, 2017 the Group’s reporting will be based on the following six new operating segments (compared to eight previously):

- 1) Marine & Offshore;
- 2) Agri-Food & Commodities;
- 3) Industry;
- 4) Buildings & Infrastructure;
- 5) Certification;
- 6) Consumer Products.

### CHANGE IN SEGMENT REPORTING

- Business Line



The main changes are as follows:

- allocation of a large majority of Inspection and In-Service Verification (IVS) businesses to the Buildings & Infrastructure segment, with the remaining IVS activities to be reported in Industry (in light of end markets);
- allocation of GSIT to the Agri-Food & Commodities segment (with the exception of Automotive which will be reported in Industry).

The Group considers that this change improves the understanding of its business portfolio.

Data for 2016 presented according to the new segment format are set out below:

(€ millions)	2016 revenue	Organic growth	2016 adjusted operating profit	2016 adjusted operating margin
Marine & Offshore	391.9	(2.2)%	99.2	25.3%
Agri-Food & Commodities	1,004.6	0.8%	117.1	11.7%
Industry	1,126.8	(6.8)%	144.4	12.8%
Buildings & Infrastructure	1,034.1	1.5%	158.0	15.3%
Certification	353.5	6.0%	60.3	17.1%
Consumer Products	638.3	3.7%	155.9	24.4%
<b>2016 TOTAL</b>	<b>4,549.2</b>	<b>(0.6)%</b>	<b>734.9</b>	<b>16.2%</b>

## 4.6 Significant changes in financial and trading conditions

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None.

## 4.7 2017 outlook

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The global macroeconomic environment is likely to remain volatile in 2017, with persistent weakness in the oil & gas and shipping markets. Thanks to its diversified portfolio and the ramp-up of its Growth Initiatives, the Group expects organic revenue growth to

be slightly positive with an acceleration in the second half – and an adjusted operating margin of around 16%, among the highest in the TIC industry. The Group also expects its cash flow generation to improve compared to 2016.

# 5

## Financial statements RFA



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Components of the Annual Financial Report are identified in this table of contents with the sign RFA

## 5.1 Consolidated financial statements

### Consolidated income statement

(in millions of euros, except per share data)

	Notes	2016	2015
<b>Revenue</b>	7	<b>4,549.2</b>	<b>4,634.8</b>
Purchases and external charges	8	(1,340.3)	(1,322.9)
Personnel costs	8	(2,349.9)	(2,383.9)
Taxes other than on income		(44.8)	(51.3)
Net (additions to)/reversals of provisions	8	(31.7)	(25.5)
Depreciation and amortization	13/14	(202.4)	(205.1)
Other operating income and expense, net	8	29.6	(69.2)
<b>Operating profit</b>		<b>609.7</b>	<b>576.9</b>
Share of profit of equity-accounted companies	15	0.8	0.8
<b>Operating profit after share of profit of equity-accounted companies</b>		<b>610.5</b>	<b>577.7</b>
Income from cash and cash equivalents		2.9	6.2
Finance costs, gross		(92.8)	(86.2)
Finance costs, net		(89.9)	(80.0)
Other financial income and expense, net	9	3.4	(9.3)
<b>Net financial expense</b>		<b>(86.5)</b>	<b>(89.3)</b>
<b>Profit before income tax</b>		<b>524.0</b>	<b>488.4</b>
Income tax expense	10	(188.9)	(220.7)
<b>Net profit</b>		<b>335.1</b>	<b>267.7</b>
Non-controlling interests		15.7	12.4
<b>NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>319.4</b>	<b>255.3</b>
Earnings per share (in euros):			
Basic earnings per share	31	0.73	0.58
Diluted earnings per share	31	0.73	0.58

The notes on pages 155 to 211 are an integral part of the consolidated financial statements.

## Consolidated statement of comprehensive income

(€ millions)	Notes	December 2016	December 2015
<b>Net profit</b>		<b>335.1</b>	<b>267.7</b>
Other comprehensive income			
Items to be reclassified to profit			
Currency translation differences <sup>(1)</sup>		53.2	(16.9)
Cash flow hedges <sup>(2)</sup>		(0.8)	0.2
Tax effect on items to be reclassified to profit	10	0.3	(0.1)
<b>Total items to be reclassified to profit</b>		<b>52.7</b>	<b>(16.8)</b>
Items not to be reclassified to profit			
Actuarial gains/(losses) <sup>(3)</sup>		(19.1)	6.9
Tax effect on items not to be reclassified to profit	10	3.6	(2.9)
<b>Total items not to be reclassified to profit</b>		<b>(15.5)</b>	<b>4.0</b>
<b>Total other comprehensive income/(expense), after tax</b>		<b>37.2</b>	<b>(12.8)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>372.3</b>	<b>254.9</b>
Attributable to:			
owners of the Company		356.4	242.7
non-controlling interests		15.9	12.2

(1) Currency translation differences: this item includes exchange differences arising on the conversion of the financial statements of foreign subsidiaries into euros. The differences result mainly from fluctuations during the period in the Brazilian real (gains of €27.1 million), pound sterling (losses of €17.1 million), Canadian dollar (gains of €11.4 million) and Chilean peso (gains of €8.8 million).

(2) The change in cash flow hedges results from changes in the fair value of derivative financial instruments eligible for hedge accounting.

(3) Actuarial gains and losses: the Group recognizes actuarial gains and losses arising on the measurement of pension plans and other long-term employee benefits in equity. These actuarial differences reflect the impact of experience adjustments and changes in valuation assumptions (discount rate, salary inflation rate and rate of increase in pensions) regarding the Group's obligations in respect of defined benefit plans. The negative amount shown (€19.1 million) relates chiefly to actuarial losses of €16.8 million booked in France.

The notes on pages 155 to 211 are an integral part of the consolidated financial statements.

## Consolidated statement of financial position

(€ millions)	Notes	December 2016	December 2015
Goodwill	11	1,977.6	1,800.4
Intangible assets	13	686.8	629.4
Property, plant and equipment	14	518.6	497.9
Investments in equity-accounted companies	15	5.0	4.8
Deferred income tax assets	16	142.9	137.2
Investments in non-consolidated companies	17	1.3	1.3
Derivative financial instruments	19	-	4.3
Other non-current financial assets	18	69.2	71.0
<b>Total non-current assets</b>		<b>3,401.4</b>	<b>3,146.3</b>
Trade and other receivables	20	1,496.1	1,374.2
Current income tax assets		48.9	45.5
Current financial assets	18	51.0	45.3
Derivative financial instruments	19	3.7	16.4
Cash and cash equivalents	21	1,094.1	522.9
<b>Total current assets</b>		<b>2,693.8</b>	<b>2,004.3</b>
Assets held for sale	30	-	6.6
<b>TOTAL ASSETS</b>		<b>6,095.2</b>	<b>5,157.2</b>
Share capital	22	53.0	53.0
Retained earnings and other reserves		1,144.4	1,042.3
Equity attributable to owners of the Company		1,197.4	1,095.3
Non-controlling interests		45.6	29.6
<b>Total equity</b>		<b>1,243.0</b>	<b>1,124.9</b>
Non-current borrowings and financial debt	24	2,492.9	2,311.0
Derivative financial instruments	19	8.1	-
Other non-current financial liabilities	25	74.8	52.1
Deferred income tax liabilities	16	164.8	152.8
Pension plans and other long-term employee benefits	26	178.3	148.4
Provisions for liabilities and charges	27	121.6	133.7
<b>Total non-current liabilities</b>		<b>3,040.5</b>	<b>2,798.0</b>
Trade and other payables	28	1,041.5	962.8
Current income tax liabilities		66.4	72.1
Current borrowings and financial debt	24	589.5	78.9
Derivative financial instruments	19	8.0	1.8
Other current financial liabilities	25	106.3	116.9
<b>Total current liabilities</b>		<b>1,811.7</b>	<b>1,232.5</b>
Liabilities held for sale	30	-	1.8
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,095.2</b>	<b>5,157.2</b>

The notes on pages 155 to 211 are an integral part of the consolidated financial statements.

## Consolidated statement of changes in equity

(€ millions)	Share capital	Share premium	Currency translation reserves	Other reserves	Total equity	Attributable to owners of the Company	Attributable to non-controlling interests
Capital increase	0.1	-	-	-	0.1	0.1	-
Capital reduction	(0.2)	(33.8)	-	-	(34.0)	(34.0)	-
Exercise of stock options	-	4.7	-	-	4.7	4.7	-
Fair value of stock options	-	-	-	19.8	19.8	19.8	-
Dividends paid	-	-	-	(221.9)	(221.9)	(209.8)	(12.1)
Treasury share transactions	-	-	-	(8.4)	(8.4)	(8.4)	-
Additions to the scope of consolidation	-	-	-	9.9	9.9	-	9.9
Acquisition of non-controlling interests	-	-	-	(9.7)	(9.7)	(9.8)	0.1
Other movements <sup>(1)</sup>	-	-	-	(31.2)	(31.2)	(18.0)	(13.2)
<b>Total transactions with owners</b>	<b>(0.1)</b>	<b>(29.1)</b>	<b>-</b>	<b>(241.5)</b>	<b>(270.7)</b>	<b>(255.4)</b>	<b>(15.3)</b>
Net profit	-	-	-	267.7	267.7	255.3	12.4
Other comprehensive income	-	-	(16.9)	4.1	(12.8)	(12.6)	(0.2)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(16.9)</b>	<b>271.8</b>	<b>254.9</b>	<b>242.7</b>	<b>12.2</b>
<b>At December 31, 2015</b>	<b>53.0</b>	<b>43.9</b>	<b>(70.3)</b>	<b>1,098.3</b>	<b>1,124.9</b>	<b>1,095.3</b>	<b>29.6</b>
Capital reduction	-	(3.0)	-	-	(3.0)	(3.0)	-
Exercise of stock options	-	1.4	-	-	1.4	1.4	-
Fair value of stock options	-	-	-	27.4	27.4	27.4	-
Dividends paid	-	-	-	(234.7)	(234.7)	(222.8)	(11.9)
Treasury share transactions	-	-	-	(39.1)	(39.1)	(39.1)	-
Additions to the scope of consolidation	-	-	-	12.4	12.4	-	12.4
Acquisition of non-controlling interests	-	-	-	(3.4)	(3.4)	(3.4)	-
Other movements <sup>(1)</sup>	-	-	-	(15.2)	(15.2)	(14.8)	(0.4)
<b>Total transactions with owners</b>	<b>-</b>	<b>(1.6)</b>	<b>-</b>	<b>(252.6)</b>	<b>(254.2)</b>	<b>(254.3)</b>	<b>0.1</b>
Net profit	-	-	-	335.1	335.1	319.4	15.7
Other comprehensive income	-	-	53.2	(16.0)	37.2	37.0	0.2
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>53.2</b>	<b>319.1</b>	<b>372.3</b>	<b>356.4</b>	<b>15.9</b>
<b>AT DECEMBER 31, 2016</b>	<b>53.0</b>	<b>42.3</b>	<b>(17.1)</b>	<b>1,164.8</b>	<b>1,243.0</b>	<b>1,197.4</b>	<b>45.6</b>

(1) The "Other movements" line mainly relates to:

- transfers of reserves between the portion attributable to owners of the Company and the portion attributable to non-controlling interests;
- changes in the fair value of put options on non-controlling interests.

The notes on pages 155 to 211 are an integral part of the consolidated financial statements.

## Consolidated statement of cash flows

(€ millions)	Notes	2016	2015
Profit before income tax		524.0	488.4
Elimination of cash flows from financing and investing activities		61.1	60.6
Provisions and other non-cash items		57.9	46.9
Depreciation, amortization and impairment	13/14	202.4	293.3
Movements in working capital attributable to operations	29	(37.2)	48.5
Income tax paid		(213.8)	(231.6)
<b>Net cash generated from operating activities</b>		<b>594.4</b>	<b>706.1</b>
Acquisitions of subsidiaries	12	(189.8)	(99.7)
Proceeds from sales of subsidiaries and businesses	12	0.7	(1.6)
Purchases of property, plant and equipment and intangible assets		(156.6)	(169.4)
Proceeds from sales of property, plant and equipment and intangible assets		10.7	3.8
Purchases of non-current financial assets		(10.7)	(13.7)
Proceeds from sales of non-current financial assets		19.3	6.1
Change in loans and advances granted		1.0	10.5
Dividends received from equity-accounted companies		0.5	-
<b>Net cash used in investing activities</b>		<b>(324.9)</b>	<b>(264.0)</b>
Capital increase	22	1.0	11.7
Purchases/sales of treasury shares		(42.8)	(45.2)
Dividends paid		(255.1)	(249.7)
Increase in borrowings and other financial debt		742.5	387.1
Repayment of borrowings and other financial debt		(35.9)	(161.4)
Repayment of amounts owed to shareholders		(13.3)	(3.9)
Interest paid		(86.0)	(78.4)
<b>Net cash generated from (used in) financing activities</b>		<b>310.4</b>	<b>(139.8)</b>
Impact of currency translation differences		(2.6)	(1.8)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>577.3</b>	<b>300.5</b>
Net cash and cash equivalents at beginning of year		510.8	210.3
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>1,088.1</b>	<b>510.8</b>
Of which cash and cash equivalents	21	1,094.1	522.9
Of which bank overdrafts	24	(6.0)	(12.1)

The notes on pages 155 to 211 are an integral part of the consolidated financial statements.

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## Note 1 General information

Since it was formed in 1828, Bureau Veritas has developed recognized expertise for helping its clients to comply with standards and/or regulations on quality, health and safety, security, the environment and social responsibility. The Group specializes in inspecting, testing, auditing and certifying the products, assets and management systems of its clients in relation to regulatory or self-imposed standards, and subsequently issues compliance reports.

Bureau Veritas SA (“the Company”) and all of its subsidiaries make up the Bureau Veritas Group (“Bureau Veritas” or “the Group”).

Bureau Veritas SA is a joint stock company (*société anonyme*) incorporated and domiciled in France. The address of its registered

office is Immeuble Newtime, 40/52 Boulevard du Parc, 92200 Neuilly-sur-Seine, France.

Between 2004 and October 2007, the Group was more than 99%-owned by Wendel. On October 24, 2007, 37.2% of Bureau Veritas SA shares were admitted for trading on the Euronext Paris market.

At December 31, 2016, Wendel held 40.7% of the capital of Bureau Veritas and 56.5% of its voting rights.

These consolidated financial statements were adopted on February 23, 2017 by the Board of Directors.

## Note 2 Significant events in 2016

### Acquisitions

In 2016, the main acquisitions carried out by the Group were:

HCD Group, a UK-based group specializing in building compliance;

Chongqing Liansheng Construction Project Management Co. Ltd. (“Chongqing Liansheng”), a Chinese company specializing in mandatory technical construction project supervision;

Dairy Technical Services (“DTS”), an Australian company that partners a large number of Australian *Agri-Food* groups. DTS traces and guarantees the quality of food and agricultural products from field to fork;

TMC Marine Ltd. (“TMC”), a UK-based consultancy providing pre- and post-casualty advice and support to the marine industry. TMC is specialized in marine claims and accident investigations, salvage and wreck removal consultancy and marine expert witness services;

VEO Standards Technical Service Co. Ltd. (“VEO”), an automotive conformity assessment body based in China. VEO provides certification and technical support services for vehicles and automotive systems and components in order to verify they comply with applicable requirements on global markets;

Summit Inspection Services, Inc. (“Summit”), a US company specialized in fugitive emissions inspection services for the

petrochemicals industry. Summit provides support and expertise to the pharmaceuticals, chemical and refining industries;

Kuhlmann Monitoramento Agrícola Ltda. (“KMA”), a Brazilian company specialized in monitoring and auditing services for the *Agri-Food* sector;

Marine Assurance & Consulting Limited (“MAC”), a UK-based company providing high value-added services to the marine and offshore industries;

Cepas, an Italian certification company.

The impacts of these acquisitions in the financial statements are detailed in Note 12 – Acquisitions and disposals.

### Financing

On August 31, 2016, the Group placed €700 million in non-rated bonds with two maturities: a €500 million bond maturing at seven years and a €200 million bond maturing at ten years.

### Dividend payout

On May 23, 2016, the Group paid out dividends on eligible shares totaling €222.8 million in respect of 2015.

## Note 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are described below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### 3.1 Basis of preparation

The Group's consolidated financial statements for the years ended December 31, 2016 and December 31, 2015 were prepared in accordance with International Financial Reporting Standards (IFRS) as defined by the International Accounting Standards Board (IASB) and adopted by the European Union (see the relevant European Commission regulations at [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias_en.htm)).

They were prepared based on the historical cost convention, except in the case of financial assets and liabilities measured at fair value through profit or loss or equity such as marketable securities and derivative financial instruments.

The preparation of financial statements in compliance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment when applying the Group's accounting policies. The most significant accounting estimates and judgments used in the preparation of the consolidated financial statements are disclosed in Note 6 – Use of estimates.

### IFRS – new standards/amendments to existing standards

The Group did not apply any new standards, amendments or interpretations at January 1, 2016.

The following new and/or amended standards and interpretations effective for accounting periods beginning on or after January 1, 2016 are not relevant to the Group's operations and have not therefore been applied:

- amendment to IAS 19, Employee Benefits, effective for accounting periods beginning on or after February 1, 2016;
- amendment to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets, effective for accounting periods beginning on or after January 1, 2016;
- amendment to IAS 16, Property, Plant and Equipment and IAS 41, Agriculture, effective for accounting periods beginning on or after January 1, 2016;
- amendment to IAS 27, Separate Financial Statements, effective for accounting periods beginning on or after January 1, 2016;
- amendment to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 28, Investments in Associates and Joint Ventures, effective for accounting periods beginning on or after January 1, 2016;
- amendment to IFRS 11, Joint Arrangements, effective for accounting periods beginning on or after January 1, 2016.

### Work in progress at the IASB and the IFRIC

The Group is monitoring the work of the IASB and the IFRIC that could lead to a change in the treatment of put options on non-controlling interests. Based on the IFRIC's Draft Interpretation of May 31, 2012, changes in the carrying amount of liabilities relating to put options on non-controlling interests must be recognized in profit or loss in line with IAS 39 and IFRS 9. In the absence of specific IFRS guidance, the Group applies the

recommendations put forward by the French financial markets authority (*Autorité des marchés financiers* – AMF) in November 2009, which state that the difference between the exercise price of put options on non-controlling interests and the carrying amount of non-controlling interests is to be shown as a reduction of equity attributable to owners of the Company.

### New principles

None.

### Principles requiring management input

### 3.2 Segment information

Segments are defined in accordance with IFRS 8. Reportable segments correspond to operating segments identified in the management data reported each month to the chief operating decision maker. The Group's chief operating decision maker is its Chief Executive Officer.

### 3.3 Operating profit

"Operating profit" in the consolidated income statement represents all income and expenses that do not result from financing activities, taxes, or equity-accounted companies, and which do not meet the definition of held for sale set out in IFRS 5. Operating profit includes income and expenses relating to acquisitions (amortization of intangible assets, impairment of goodwill, gains and losses on disposals and discontinued operations, acquisition fees, earn-out payments) and other items considered to be non-recurring.

### Key principles in light of the Group's business activities or financial position

### 3.4 Fair value estimates

The fair value of financial instruments traded on an active market (such as derivatives and investments in respect of government contracts) is based on the listed market price at the end of the reporting period. This method corresponds to level 1 in the fair value hierarchy set out in IFRS 7.

The fair value of financial instruments not traded on an active market (e.g., over-the-counter derivatives) is determined using valuation techniques. The assumptions used in such calculations are based on either directly observable inputs such as prices, or indirectly observable inputs such as price-based data. This method corresponds to level 2 in the fair value hierarchy set out in IFRS 7.

The fair value of financial instruments not based on observable market data (unobservable inputs) is determined based on information available within the Group. This method corresponds to level 3 in the fair value hierarchy set out in IFRS 7.

The levels of the fair value hierarchy used to price financial instruments are set out in Note 34 – Additional financial instrument disclosures.

### 3.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the acquired entity's net identifiable assets at the acquisition date, and is presented on a separate line in the statement of financial position.

Any residual unallocated goodwill following an acquisition may be adjusted within 12 months of the acquisition date when the process of allocating the purchase price to the fair value of the acquiree's identifiable assets and liabilities is completed.

Goodwill is carried at cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is not amortized but is tested annually for impairment.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. In view of the global management approach taken, the Group allocates goodwill to each business segment in which it operates except In-Service Inspection & Verification, for which goodwill is managed on a country-by-country basis (see Note 11 – Goodwill).

Goodwill is tested for impairment annually or more frequently when there is an indication that it may be impaired (see Note 11 – Goodwill). Any impairment losses are recognized in the currency of the related goodwill, which corresponds to the currency of the acquired entities. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold at the date of the sale.

### 3.6 Intangible assets

Intangible assets include the following items:

- customer relationships, brands, concessions, accreditations and non-competition agreements acquired as part of a business combination;
- computer software purchased externally or developed in-house.

Start-up and research costs are expensed as incurred.

#### Customer relationships, brands, concessions, accreditations and non-competition agreements acquired as part of a business combination

Customer relationships, brands, concessions and non-competition agreements acquired as part of a business combination are recognized at historical cost, less any accumulated amortization. Historical cost corresponds to the fair value of the assets concerned at the acquisition date.

The fair value and useful life of these assets are generally determined at the acquisition date by independent experts in the case of material acquisitions, and internally for all other acquisitions. They are adjusted where appropriate within 12 months of that date. The amortization expense is calculated as from the acquisition date.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives were as follows at the end of the reporting period:

Customer relationships	5 to 20 years
Brands	5 to 15 years
Concessions	7 years
Non-competition agreements	2 to 3 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. If the carrying amount of an intangible asset exceeds its recoverable amount, it is written down to the estimated recoverable amount (see Note 3.7 – Impairment of non-financial assets).

#### Software

Costs incurred in respect of acquired computer software and software development are capitalized on the basis of the costs incurred to acquire, develop and bring the specific software into use. These costs include borrowing costs directly attributable to the acquisition or production of the software arising in the period preceding the one in which they are brought into service. These costs are amortized over the estimated useful lives of the software, not to exceed 12 years.

Costs associated with software maintenance are expensed as incurred.

### 3.7 Impairment of non-financial assets

Assets that have an indefinite useful life such as goodwill are not subject to amortization but are tested annually for impairment. Amortizable assets are reviewed for impairment whenever specific events have occurred indicating that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs or groups of CGUs).

The following circumstances are examples of indicators that an asset may be impaired and an impairment test should be carried out:

- the loss of one or more major contracts for the CGU;
- where the CGU's performance proves significantly worse than expected;
- where significant changes with an adverse effect on the CGU have taken place in the technological, market, economic or legal environment in which it operates.

An impairment loss is recognized for the amount by which the carrying amount of a CGU or group of CGUs exceeds its recoverable amount. The recoverable amount of a CGU or group of CGUs corresponds to the higher of its fair value less costs to sell and its value in use. Impaired non-financial assets other than goodwill are reviewed at the end of each annual or interim reporting period to determine whether the impairment should be reversed. Fair value less costs to sell is estimated based on past experience, by reference to a multiple of operating profit adjusted for other operating income and expense and amortization expense recognized in respect of intangible assets arising from business combinations.

Note 11 – Goodwill, sets out the methods and main assumptions used for carrying out goodwill impairment tests.

### 3.8 Income tax expense

Deferred income tax is recognized using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, no deferred income tax is accounted for if it arises from the initial recognition of goodwill or an asset or liability in a transaction – other than a business combination – that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax loss carryforwards can be utilized.

Deferred income tax assets and liabilities are assessed on a taxable entity basis, which may include several subsidiaries in one country, and are offset at the level of the same taxable entity.

Following the business tax reform in France, the CVAE tax (*Cotisation sur la valeur ajoutée des entreprises*) has been shown in income tax expense since January 1, 2010.

### 3.9 Derivative financial instruments

#### Derivatives held for trading purposes

The Group may use derivatives such as interest swaps and collars in order to hedge its exposure to changes in interest rates on borrowings.

Contracts that do not meet the hedge accounting criteria set out in IAS 39 are designated as assets and liabilities at fair value through profit or loss. These instruments are measured at fair value, with changes in fair value recognized in “Other financial income and expense, net” in the income statement. The accounting treatment of contracts that meet the criteria for designation as cash flow hedges under IAS 39 is described in the section on cash flow hedges below.

#### Cash flow hedges

When a derivative is designated as an instrument hedging the variability of cash flows associated with a recognized asset or liability, or a highly probable forecast transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity. The gain or loss recognized directly in equity is reclassified to profit or loss in the same period or periods during which the hedged transaction itself affects profit or loss (such as in the periods that the foreign exchange gain or loss is recognized). The portion of the gain or loss relating to the ineffective portion of the hedge is recognized immediately in profit or loss.

To hedge the currency risk on borrowings taken out in US dollars and pounds sterling, the Group entered into currency swaps in 2008. These transactions have been designated as cash flow hedges since inception, as they meet all of the hedge accounting criteria set out in IAS 39.

#### Net investment hedge in a foreign operation

In 2015, the Group entered into a net investment hedge of a US subsidiary in the form of a currency swap. This swap met the hedge accounting criteria set out in IAS 39 and offset changes in value arising on translating the foreign operation into the reporting currency in the parent company's consolidated financial statements. This swap was not renewed in 2016.

### 3.10 Financial liabilities

#### Borrowings

Borrowings are initially recognized at fair value net of transaction costs incurred, and subsequently stated at amortized cost.

Interest on borrowings is recorded in the income statement under “Finance costs, gross” using the effective interest method. Debt issuance costs are recorded as a reduction of the carrying amount of the related debt and are amortized through profit or loss over the estimated term of the debt using the effective interest method.

Borrowings are classified as current liabilities in the statement of financial position unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period, in which case they are classified as non-current.

#### Liabilities relating to put options granted to holders of non-controlling interests

Put options granted to holders of non-controlling interests in subsidiaries that do not transfer the related risks and rewards give rise to the recognition of a liability for the present value of the most likely exercise price calculated using a risk-free interest rate. This debt is recognized within financial liabilities; the adjusting entry is posted to equity attributable to non-controlling interests for the carrying amount and to equity attributable to owners of the Company for the residual balance.

In the absence of specific IFRS guidance, the Group complies with the recommendations issued by the AMF in 2009. Accordingly, subsequent changes in the liability are also recognized in equity attributable to non-controlling interests for their carrying amount and in equity attributable to owners of the Company for the residual balance (including the impact of unwinding the discount).

The corresponding cash flows are presented as relating to financing activities in the statement of cash flows.

The liabilities are classified under current financial liabilities, except where payment is likely to take place at least 12 months after the end of the reporting period, in which case they are classified as non-current items.

### 3.11 Pension plans and other long-term employee benefits

The Group's companies have various long-term obligations towards their employees for termination benefits, pension plans and long-service awards.

The Group has both defined benefit and defined contribution plans.

#### Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a designated pension fund. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations in excess of these contributions. The contributions are recognized in personnel costs when they fall due. Prepaid contributions are recognized as an asset to the extent that they result in a cash refund or a reduction in future payments.

#### Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. An example is a plan that defines the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows based on the yield on investment-grade corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions when estimating pension obligations are recognized in equity in the consolidated statement of comprehensive income in the period in which they arise.

### 3.12 Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when the Group considers that at the end of the reporting period it has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The costs the Group ultimately incurs may exceed the amounts set aside to such provisions due to a variety of factors such as the uncertain nature of the outcome of the disputes. Provisions for claims and disputes whose outcome will only be known in the long term are measured at the present value of the expenditures expected to be required to settle the obligation concerned, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized in "Other financial income and expense, net" in the income statement.

### 3.13 Share-based payment

In 2007, the Group awarded stock subscription options and set up new long-term compensation plans in connection with its initial public offering (IPO). These plans have been in place since 2008. The Group applies IFRS 2, Share-based Payment to stock subscription option plans set up in 2007 in connection with the IPO, and to the plans put in place since 2008 and described below.

#### Share-based payment plans set up since 2008

##### Stock purchase and subscription options

The fair value of the employee services received in exchange for the award of stock options is recognized as an expense, with an adjusting entry to equity. The total amount expensed over the vesting period of the rights under these awards is calculated by reference to the fair value of the options awarded at the grant date. The resulting expense takes into account the estimated option cancellation ratio and, where appropriate, any non-market vesting conditions (such as profitability and sales growth targets).

The assumptions used to value the Group's stock options are described in Note 23 – Share-based payment.

The proceeds received net of any directly attributable transaction costs are credited to share capital for the nominal value and to share premium for the balance when the options are exercised.

##### Performance share awards

Performance shares are accounted for in the same way as stock subscription options.

#### Compensation plans set up in connection with the Group's IPO

The Group has set up equity-settled long-term compensation plans consisting of stock subscription options on preferential terms and performance share awards. It has also set up a cash-settled long-term compensation plan in the form of stock appreciation rights.

##### Stock options on preferential terms

Employees have subscribed for shares under a cash capital increase carried out for this purpose. The subscription price represents a 20% discount on the IPO price. The shares are non-transferable for a period of five years.

The proceeds received net of any directly attributable transaction costs are credited to share capital for the nominal value and to share premium for the balance when the shares are subscribed. The fair value of the employee services received in exchange for the 20% discount granted on the IPO price is expensed in full at the grant date in so far as the rights have vested. The total amount to be expensed corresponds to the 20% discount less the loss in value resulting from the five-year non-transferability requirement. The loss in value is estimated based on the cost of a two-step strategy consisting of selling the shares at the end of the five-year non-transferability period and purchasing the same number of shares in cash (i.e., readily transferable shares), financing the transaction with a loan. This strategy represents the cost to the Group of offloading the risk associated with the shares during the non-transferability period.

#### Performance share awards

Performance shares are accounted for in the same way as stock subscription options.

### 3.14 Revenue recognition

Revenue represents the fair value net of tax of the consideration received or receivable for services rendered by Group companies in the ordinary course of their business, after elimination of intra-group transactions. The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

The majority of the Group's contracts are short term and the related revenue is recognized when the service has been rendered to the customer.

## Standard principles applicable

### 3.15 Basis of consolidation

Subsidiaries are all entities controlled by the Group and are fully consolidated.

The Group considers it has control over a subsidiary (investee) when:

- it has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee; and
- it has the ability to affect the amount of those returns through its power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are removed from the scope of consolidation as of the date control ceases.

The acquisition method is used to account for acquisitions of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred.

For the Group's other contracts – notably in the Marine & Offshore, Construction and Industry segments (see Note 7 – Segment information), the Group uses the percentage-of-completion method to determine the amount of revenue to be recognized during a given period, to the extent the outcome of the contracts concerned can be reliably estimated.

The percentage of completion is determined for each contract by reference to the contract costs incurred up to the end of the reporting period as a percentage of the estimated total costs for the contract. This percentage of completion, applied to the total estimated margin on the contract, represents the margin to be recognized in that period. If the estimated margin is negative, a provision for other liabilities and charges is recorded for the entire estimated amount of the contract.

### IFRS 15, Revenue from Contracts with Customers

The Group is in the process of assessing the impact of IFRS 15 on the principles for recognizing revenue under its main types of contracts in each of its eight business sectors, particularly in terms of the timing of revenue recognition:

- revenue under short-term contracts, currently recognized on completion of the contract, will be deferred until the issuance of a report for contracts that do not grant an enforceable right to payment in respect of performance completed at the reporting date;
- revenue under other contracts, notably in the Marine & Offshore, Construction and Industry businesses, is expected to be recognized on a percentage-of-completion basis in most cases.

The Group does not intend to early adopt IFRS 15.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. For each acquisition, the Group measures non-controlling interests either at fair value or at their share in net identifiable assets. The excess of the cost of an acquisition plus any non-controlling interests in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recognized as goodwill (see Note 11 – Goodwill). If the fair value of the net assets of the subsidiary acquired exceeds the net cost of the acquisition plus any non-controlling interests in the acquired entity, the difference is recognized directly in the income statement.

In accordance with IFRS 3 (revised), the Group has 12 months from the acquisition date to finalize the allocation of the purchase price to the fair values of the acquiree's identifiable assets and liabilities.

Intra-group transactions, as well as unrealized gains or losses on transactions between Group companies, are eliminated in full. All companies are consolidated based on their financial position at the end of each reporting period presented, and their accounting policies are aligned where necessary with those adopted by the Group.

### Non-controlling interests

Acquisitions and disposals of investments that do not result in gain or loss of control are recognized in consolidated equity within "Other movements" as transfers between equity attributable to owners of the Company and equity attributable to non-controlling interests, with no impact on the income statement. The corresponding cash flows are presented within cash flows relating to financing activities in the statement of cash flows. The corresponding costs are accounted for in the same way.

### Equity-accounted companies

Equity-accounted companies are all entities over which the Group has significant influence but not control, generally when it holds between 20% and 50% of the voting rights. Investments in equity-accounted companies are initially recognized at cost as from the date significant influence was acquired.

The Group's share of its equity-accounted companies' post-acquisition profits or losses is recognized in the consolidated income statement.

### Joint ventures

Joint ventures are companies controlled jointly by the Group pursuant to an agreement concluded with a view to carrying on a business activity over an average period of three to four years. The consolidated financial statements include the Group's proportionate interest in the assets, liabilities, income and expenses of joint ventures. Similar items are combined line-by-line from the date joint control is effective until the date on which it ceases.

## 3.16 Translation of the financial statements of foreign subsidiaries

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in millions of euros, which is the Company's functional and presentation currency.

### Foreign subsidiaries

The functional currency of foreign subsidiaries is the local currency of the country in which they operate. No country in which the Group's subsidiaries or branches are located was considered to be a hyper-inflationary economy in 2015 or 2016.

Assets and liabilities of foreign subsidiaries are translated into euros at the closing exchange rate (excluding monetary items), while income and expense items are translated at average exchange rates for the year. All resulting currency translation differences are recognized under "Currency translation reserves" within equity.

When a foreign operation is sold, the currency translation differences that were initially recorded in equity are recognized in

the income statement as part of the gain or loss on the sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation as well as financing for which repayment is neither planned nor likely in the foreseeable future are accounted for as assets and liabilities of the foreign operation and translated into euros at the closing exchange rate.

## 3.17 Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are remeasured at the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as financial income or expense.

## 3.18 Property, plant and equipment

All items of property, plant and equipment except for land are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the assets, in particular borrowing costs directly attributable to the acquisition or production of property, plant and equipment arising in the period preceding the one in which the assets concerned are brought into service. Subsequent expenditure is included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All repair and maintenance costs are expensed as incurred.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	Between 20 and 25 years
Fixtures and fittings	10 years
Machinery and equipment	Between 5 and 10 years
Vehicles	Between 4 and 5 years
Office equipment	Between 5 and 10 years
IT equipment	Between 3 and 5 years
Furniture	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. If the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, it is written down to the estimated recoverable amount (see Note 3.7 – Impairment of non-financial assets).

Gains or losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset sold, and are shown within "Other operating income and expense, net" in the income statement.

### 3.19 Investments in non-consolidated companies

This caption includes investments in companies over which the Group does not exercise control or significant influence.

On initial recognition, these investments are stated at purchase price plus transaction costs. If the fair value of these financial assets cannot be measured reliably at the end of the reporting period, the assets are carried at historical cost less any accumulated impairment losses.

Dividends attached to the investments are recognized in the income statement under "Other financial income" when the Group's right to receive payment is established.

At the end of each reporting period, the Group assesses whether there is any objective indication that its investments in non-consolidated companies are impaired. Examples of such indications include:

- evidence that the entity is in a loss-making situation;
- where the entity's financial performance proves significantly worse than expected;
- where significant changes with an adverse effect on the entity have taken place in the economic environment in which it operates.

When the Group considers that an investment is impaired, an expense is recorded in the income statement under "Other financial income and expense, net".

### 3.20 Other non-current financial assets

Other non-current financial assets mainly comprise guarantees and deposits.

Guarantees and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in non-current assets as they fall due more than 12 months after the end of the reporting period. Guarantees and deposits are initially recognized at fair value.

### 3.21 Treasury shares

Treasury shares are recognized at cost as a deduction from equity. Gains and losses on disposals of treasury shares are also recognized in equity and are not included in the calculation of profit for the period.

### 3.22 Non-current assets and liabilities held for sale

Non-current assets (or disposal groups/liabilities) are classified as held for sale and measured at the lower of their carrying amount and their fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction.

### 3.23 Current financial assets

This class of assets generally corresponds to financial assets held for trading purposes. These assets are initially recognized at fair value, and the transaction costs are expensed in the income statement. At the end of the reporting period, current financial assets are remeasured at fair value and any gains or losses arising from changes in fair value are taken to profit or loss.

### 3.24 Trade and other receivables

Trade and other receivables are measured at fair value less any impairment losses.

An impairment loss is recognized against trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indications that a trade receivable is impaired. An analysis of doubtful receivables is performed based on the age of the receivable, the credit standing of the client and whether or not the related invoice is disputed. The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the loss is recognized in the income statement as "Net (additions to)/reversals of provisions".

When a trade receivable is uncollectible, it is written off and the impairment loss is reversed. Subsequent recoveries of amounts previously written off are credited to "Other operating income and expense, net".

### 3.25 Cash and cash equivalents

Cash and cash equivalents include cash in hand, monetary mutual funds (SICAV), deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within current financial liabilities on the statement of financial position.

Changes in the fair value of cash and cash equivalents are recognized through profit or loss.

### 3.26 Trade payables

Trade payables are carried at fair value. All of the Group's trade payables have maturities of one year or less and are classified under current liabilities.

### 3.27 Leases

Leases under which the majority of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

Bureau Veritas acquires minor items of equipment under finance leases that transfer to the Group substantially all the risks and rewards of ownership. These assets are reported as property, plant and equipment for an amount equal to the estimated present value of future minimum lease payments. The corresponding liabilities are included in bank borrowings and debt.

### 3.28 Dividends paid

Dividends paid to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## Note 4 Financial indicators not defined by IFRS

In its external reporting, the Group uses several financial indicators that are not defined by IFRS.

These are defined below.

**Adjusted operating profit** represents the Group's operating profit before income and expenses relating to business combinations and other non-recurring items.

When an acquisition is carried out during the financial year, the amortization of the related intangible assets is calculated on a time proportion basis.

Since a measurement period of 12 months is allowed for determining the fair value of acquired assets and liabilities, amortization of intangible assets in the year of acquisition may, in some cases, be based on a temporary measurement and be subject to minor adjustments in the subsequent reporting period, once the definitive value of the intangible assets is known.

Adjusted operating profit is the main indicator monitored internally and is considered by management to be the most representative of the Group's operating performance in its business sector.

(€ millions)	December 2016	December 2015
<b>Operating profit</b>	<b>609.7</b>	<b>576.9</b>
Amortization of intangible assets resulting from acquisitions	79.5	86.7
Impairment of goodwill	-	90.0
Restructuring costs	42.6	20.8
Gains on disposals of businesses and other income and expenses relating to acquisitions	3.1	0.8
<b>ADJUSTED OPERATING PROFIT</b>	<b>734.9</b>	<b>775.2</b>

**Adjusted attributable net profit** is defined as net profit attributable to owners of the Company adjusted for income and expenses relating to acquisitions and other non-recurring items, net of tax.

(€ millions)	December 2016	December 2015
<b>Attributable net profit</b>	<b>319.4</b>	<b>255.3</b>
Income and expenses relating to acquisitions and other non-recurring items	125.2	198.3
Tax impact	(35.6)	(33.3)
<b>ADJUSTED ATTRIBUTABLE NET PROFIT</b>	<b>409.0</b>	<b>420.3</b>

**Free cash flow** relates to net cash generated from operations adjusted for net purchases of property, plant and equipment, intangible assets and interest paid.

(€ millions)	December 2016	December 2015
<b>Net cash generated from operating activities</b>	<b>594.4</b>	<b>706.1</b>
Purchases of property, plant and equipment and intangible assets	(156.6)	(169.4)
Proceeds from sales of property, plant and equipment and intangible assets	10.7	3.8
Interest paid	(86.0)	(78.4)
<b>FREE CASH FLOW</b>	<b>362.5</b>	<b>462.1</b>

**Adjusted net financial debt** is defined in Note 24 – Borrowings and financial debt.

## Note 5 Financial risk management

The Group is exposed to a variety of financial risks (currency, interest rate, credit and liquidity risks) that may affect its assets, liabilities and operations.

The Group's policy is to constantly identify, assess and, where appropriate, hedge such risks with a view to limiting its exposure. Derivative instruments are used only to hedge identified risks and not for speculative purposes. The Group has specific procedures for dealing with each of the risks mentioned above and for each

instrument used (derivatives, cash investments). Group entities are not authorized to enter into market transactions other than currency spot transactions with their financial partners.

The Finance and Treasury department is in charge of setting up hedges. Simulations are carried out or mandated by the Finance and Treasury department to allow it to assess the impact of different scenarios on the Group's financial statements.

The risk exposure resulting from the United Kingdom's decision to leave the European Union ("Brexit") is not material. The Group's revenue in the UK accounts for 3.9% of total consolidated revenue and is mainly derived locally. Internal financing granted by the Group to certain UK entities is denominated in pounds sterling and hedged by the Group as described above. Other risks relating to Brexit, namely contractual or HR risks, are monitored by the Legal and HR departments, which will make the necessary adjustments as the United Kingdom exits the European Union.

## Currency risk

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The Group operates internationally and is therefore exposed to currency risk arising from its exposure to different foreign currencies. This risk is incurred both on transactions carried out by Group entities in currencies other than their functional currency (currency risk on operations), as well as on assets and liabilities denominated in foreign currencies other than the presentation currency for consolidated financial statements, i.e., euros (translation risk).

For some of the Group's businesses exposed to globalized markets, chiefly the Commodities, Consumer Products, Marine & Offshore, and Government Services & International Trade businesses, certain sales are denominated in US dollars or influenced by the price of the US dollar. They are therefore indirectly affected by the changes in the US currency.

Additional analyses and disclosures regarding currency risk are provided in Note 34 – Additional financial instrument disclosures, as well as Note 19 – Derivative financial instruments.

## Interest rate risk

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The Group is exposed to the risk of fluctuations in interest rates on its floating-rate debt.

Interest rate exposure is monitored on a monthly basis. The Group continually analyses the level of hedges put in place and ensures that they are appropriate for the underlying exposure.

Additional disclosures are provided in Note 34 – Additional financial instrument disclosures.

## Credit risk

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The Group derives revenue from its business with around 400,000 clients in 140 countries.

The Group's revenue is not dependent on major clients. In 2016, its largest client accounted for 1.3% of consolidated revenue and the total revenue generated with its 20 largest clients represented less than 15% of consolidated revenue.

However, some of the Group's businesses, particularly Consumer Products, Government Services & International Trade, and Industry, generate significant revenue at their level with some clients.

For example in 2016, the biggest client of the Consumer Products business and the Government Services & International Trade business accounted for 4.5% and 10.9%, respectively, of that business's revenue. The loss of these two major clients could have a material adverse impact on the activity, financial position, results or outlook of the business concerned.

The Group does not consider that its credit risk exposure could have a material adverse impact on its business, financial position, results or outlook.

Note 20 – Trade and other receivables, provides a detailed breakdown by maturity of receivables not covered by provisions.

## Liquidity risk

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The Group may have to meet payment commitments arising in the ordinary course of its business. In 2016, the Group pre-financed the redemption of its €500 million bond maturing in May 2017 through a new €500 million bond issue maturing in 2023. At December 31, 2016, the Group also had access to an undrawn confirmed credit line totaling €450 million (2012 syndicated loan) in addition to cash.

These facilities are described in more detail in Note 24 – Borrowings and financial debt.

## Counterparty risk

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Counterparty risk arising on trade receivables is limited due to the large number of clients and the broad range of businesses and countries concerned (France and international).

The financial instruments potentially exposing the Group to counterparty risk are mainly cash and cash equivalents and derivative instruments. Counterparty risk arising on financial institutions is limited thanks to the Group's policy of pooling cash with the parent company wherever possible, and restricting the type and term of investments to three months or less. Cash and cash equivalents totaling €425.4 million are spread among the Group's subsidiaries, thereby limiting concentration risk. Marketable securities and similar receivables amounting to €668.7 million essentially relate to short-term investments of Bureau Veritas SA cash surpluses. The Group opts for liquidity and low risk rather than yield when investing its cash surpluses with leading financial institutions ranked investment grade. Financial transactions are chiefly entered into by Bureau Veritas SA with a limited number of investment grade banks under FBF-type or similar master arrangements.

## Note 6 Use of estimates

The preparation of financial statements involves the use of estimates, assumptions and judgments that may affect the carrying amounts of certain items in the statement of financial position and/or income statement as well as the disclosures in the notes.

The estimates, assumptions and judgments used were determined based on the information available when the financial statements were drawn up and may not reflect actual conditions in the future.

The main estimates, assumptions and judgments used are described below.

### Measurement of provisions for claims and disputes

The Group records provisions for claims and disputes in accordance with the accounting policy described in Note 3.12 – Provisions for liabilities and charges.

These provisions are measured using various estimates and assumptions by reference to statistical data based on historical experience. They are discounted based on an estimate of the average duration of the obligation, an assumed rate of inflation and a discount rate that reflects the term to maturity of the obligation concerned.

Provisions for claims representing material amounts for which a lawsuit has been filed are measured on a case-by-case basis relying on independent experts' reports where appropriate. The costs that the Group ultimately incurs may exceed the amounts set aside to such provisions due to a variety of factors such as the uncertain nature of the outcome of the disputes.

### Measurement of provisions for impairment of trade receivables

Impairment booked against trade receivables is assessed on a case-by-case basis based on the financial position of the debtor concerned and the probability of default or delinquency in payments.

### Measurement of intangible assets acquired in business combinations

Intangible assets acquired in business combinations carried out by the Group include customer relationships, brands, concessions and non-competition agreements. The fair value of these items is generally measured by independent experts using assumptions relating to business forecasts for the companies concerned. Details of the Group's acquisitions during the year are provided in Note 12 – Acquisitions and disposals.

### Impairment of goodwill

The Group tests annually whether the value of goodwill is impaired, in accordance with the accounting policy described in Note 3.7 – Impairment of non-financial assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, which are described in Note 11 – Goodwill.

### Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgment is required by management in determining the worldwide provision for income taxes. The Group considers that its ultimate tax estimate is reasonable in the ordinary course of its business.

The Group recognizes deferred income tax assets for deductible temporary differences and tax loss carryforwards to the extent that it deems probable such assets will be recovered in the future (see Note 16 – Deferred income tax, for details of the deferred income taxes recognized by the Group).

### Revenue recognition

The Group uses the percentage-of-completion method in accounting for certain service contracts (see Note 3.14 – Revenue recognition, on accounting policies). Use of this method requires the Group to estimate the services provided to date as a proportion of the total services to be provided.

### Measurement of long-term employee benefits

The cost of long-term employee benefits under defined benefit plans is estimated using actuarial valuation methods. These methods involve the use of a number of different assumptions, which are described in further detail in Note 26 – Pension plans and other long-term employee benefits. Due to the long-term nature of such plans, these estimates are subject to significant uncertainties.

### Fair value of share-based payments

Share-based payments are expensed over the vesting period, based on their fair value at the grant date for equity-settled instruments or at the end of the reporting period for cash-settled transactions. Fair value is measured using appropriate valuation models requiring estimates of certain inputs as described in further detail in Note 23 – Share-based payment.

## Note 7 Segment information

Only a segment analysis of revenue and operating profit is presented. This analysis is monitored by Group management.

Intra-segment transactions have been eliminated.

Financial income and expense and income tax expenses are not allocated by business segment as they are managed at country level rather than by business.

Operating income and expenses relating to holding companies are allocated to the different segments in proportion to segment revenue.

In accordance with IFRS 8, Operating Segments, the Group's business segments are organized according to the type of services provided and to the markets and characteristics of clients. These segments correspond to the eight businesses described in section 1.1 – General overview of the Group and section 1.6 –

Presentation of business activities of the 2016 Registration document.

For many years and up to December 31, 2015, the Industry, In-Service Inspection & Verification, Construction and Certification businesses were managed within the Industry & Facilities division due to the similarity of their markets and characteristics of their clients.

As of January 1, 2016, in order to implement its new matrix-based operating model promoting synergies, the Commodities segment is included with the four segments Industry, In-Service Inspection & Verification, Construction and Certification within a new Commodities, Industry & Facilities ("CIF") division.

The new-look organization of the Group in 2016 is based on the following four divisions: CIF, Marine & Offshore, Consumer Products, and Government Services & International Trade.

(€ millions)	Revenue		Operating profit/(loss)	
	2016	2015	2016	2015
Marine & Offshore	391.9	405.3	89.6	101.6
Industry	900.7	1,046.7	86.5	122.4
In-Service Inspection & Verification	602.5	598.4	68.8	73.8
Construction	592.8	552.2	79.8	76.2
Certification	353.5	344.6	55.9	57.8
Commodities	833.1	826.5	64.9	(42.0)
Consumer Products	629.9	603.2	147.7	148.3
Government Services & International Trade	244.8	257.9	16.5	38.8
<b>TOTAL</b>	<b>4,549.2</b>	<b>4,634.8</b>	<b>609.7</b>	<b>576.9</b>

Certain activities were reallocated to different businesses in the 2016. To provide a meaningful comparison, data for 2015 have been adjusted to reflect this new presentation.

As indicated in Chapter 4.1 – 2016 highlights, the Group's organization will evolve in 2017, leading to a change in the presentation of its segment information.

**Note 8 Operating income and expense**

(€ millions)	2016	2015
Supplies	(88.2)	(86.1)
Operational subcontracting	(381.0)	(379.9)
Lease payments	(144.2)	(142.2)
Transport and travel costs	(383.8)	(406.8)
Service costs rebilled to clients	82.9	101.8
Other external services	(426.0)	(409.7)
<b>Total purchases and external charges</b>	<b>(1,340.3)</b>	<b>(1,322.9)</b>
Salaries and bonuses	(1,845.3)	(1,872.8)
Payroll taxes	(414.6)	(424.5)
Other employee-related expenses	(90.0)	(86.6)
<b>Total personnel costs</b>	<b>(2,349.9)</b>	<b>(2,383.9)</b>
Provisions for receivables	(25.3)	(22.7)
Provisions for liabilities and charges	(6.4)	(2.8)
<b>Total (additions to)/reversals of provisions</b>	<b>(31.7)</b>	<b>(25.5)</b>
Gains/(losses) on disposals of property, plant and equipment and intangible assets	(1.2)	(2.2)
Gains/(losses) on disposals of businesses	(0.5)	(0.9)
Impairment of goodwill	-	(90.0)
Other operating income and expense	31.3	23.9
<b>TOTAL OTHER OPERATING INCOME AND EXPENSE, NET</b>	<b>29.6</b>	<b>(69.2)</b>

“Other external services” comprises various costs such as costs relating to temporary staff, telecommunications, insurance premiums and fees.

“Other employee-related expenses” includes the cost of stock options and performance shares, as well as costs relating to long-term employee benefits.

In 2016, “Other operating income and expense, net” includes income of €8.9 million corresponding to the CICE tax credit for 2016 (2015: €8.2 million), as well as income of €2.7 million corresponding to the 2015 research tax credit (net income of €0.1 million in 2015 after adjusting for research tax credits for fiscal years 2010 to 2014). Unpaid contingent consideration on acquisitions in previous years is also included in this caption in an amount of €3.2 million in 2016 (2015: €4.0 million).

**Note 9 Other financial income and expense**

(€ millions)	2016	2015
Implicit return on funded pension plan assets	0.3	0.2
Foreign exchange gains/(losses)	8.7	(3.6)
Other financial income	9.0	(3.4)
<b>Interest cost on pension plans</b>	<b>(3.1)</b>	<b>(3.0)</b>
Other	(2.5)	(2.9)
<b>Other financial expense</b>	<b>(5.6)</b>	<b>(5.9)</b>
<b>OTHER FINANCIAL INCOME AND EXPENSE, NET</b>	<b>3.4</b>	<b>(9.3)</b>

In 2016, the interest rate component of gains and losses on foreign currency derivatives represented a total income of

€0.4 million (2015: total expense of €0.4 million) and was recorded within “Finance costs, gross”.

## Note 10 Income tax expense

(€ millions)	2016	2015
Current income tax	(199.5)	(256.2)
Deferred income tax	10.6	35.5
<b>TOTAL</b>	<b>(188.9)</b>	<b>(220.7)</b>

Income tax expense on consolidated earnings amounted to €188.9 million in 2016 compared with €220.7 million in 2015. The effective tax rate, corresponding to income tax expense divided by the amount of pre-tax profit, was 36.0% in 2016 compared with 45.2% in 2015.

The effective tax rate adjusted for non-recurring items was 34.6%, down 2.4 percentage points on 2015. This decrease chiefly results from a lesser impact of non-recurring items relating to tax disputes in 2016.

The Group, assisted by its advisors, deems that the provisions for liabilities relating to all ongoing tax disputes presented in its

financial statements reflect the best estimate of the potential consequences of those disputes.

Deferred tax represents income of €10.6 million in 2016 (2015: income of €35.5 million), and essentially corresponds to the reversal of a deferred tax liability on non-deductible amortization charged against customer relationships.

The difference between the effective tax expense and the theoretical tax obtained by applying the French standard tax rate to consolidated profit before income tax can be analyzed as follows:

	2016	2015
Profit before income tax	524.0	488.4
French parent company tax rate	34.4%	38.0%
Theoretical income tax charge based on the parent company tax rate	(180.4)	(185.6)
Income tax impact of transactions subject to a reduced tax rate	2.1	1.9
Differences in foreign tax rates <sup>(a)</sup>	42.8	58.3
Impact of unrecognized tax losses	(8.0)	(5.4)
Utilization of previously unrecognized tax losses	4.9	1.7
Permanent differences	(7.5)	(19.5)
Changes in estimates	(4.9)	(6.3)
CVAE tax	(12.1)	(11.0)
Tax on income distributed	(6.7)	(6.3)
Tax on dividends received from subsidiaries	(19.0)	(18.1)
Non-deductible impairment of goodwill	-	(27.0)
Other	(0.1)	(3.4)
<b>Actual income tax expense</b>	<b>(188.9)</b>	<b>(220.7)</b>
<b>EFFECTIVE INCOME TAX RATE</b>	<b>36.0%</b>	<b>45.2%</b>

(a) In 2016, the biggest differences in tax rates compared to France were found in China, Hong Kong, Taiwan, United Kingdom, South Korea, Bangladesh, Vietnam, Canada, Indonesia and Turkey.

The breakdown of the tax effect on other comprehensive income is as follows:

(€ millions)	2016			2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Currency translation differences	53.2		53.2	(16.9)		(16.9)
Actuarial gains/(losses)	(19.1)	3.6	(15.5)	6.9	(2.9)	4.0
Cash flow hedges	(0.8)	0.3	(0.5)	0.2	(0.1)	0.1
<b>TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>	<b>33.3</b>	<b>3.9</b>	<b>37.2</b>	<b>(9.8)</b>	<b>(3.0)</b>	<b>(12.8)</b>

## Note 11 Goodwill

### Changes in goodwill in 2016

<i>(€ millions)</i>	<b>December 31, 2016</b>	December 31, 2015
Gross value	1,949.1	1,873.6
Accumulated impairment	(148.7)	(59.4)
<b>Net goodwill at January 1</b>	<b>1,800.4</b>	<b>1,814.2</b>
Acquisitions of consolidated businesses during the year	126.8	50.7
Disposals of businesses	-	(0.1)
Impairment for the period	-	(90.0)
Currency translation differences and other movements	50.4	25.6
<b>Net goodwill at December 31</b>	<b>1,977.6</b>	<b>1,800.4</b>
Gross value	2,128.0	1,949.1
Accumulated impairment	(150.4)	(148.7)
<b>NET GOODWILL AT DECEMBER 31</b>	<b>1,977.6</b>	<b>1,800.4</b>

### Allocation of goodwill to CGUs in 2016

Goodwill allocated to the Group's main cash-generating units (CGUs) at December 31, 2016 can be analyzed as follows:

<i>(€ millions)</i>	<b>December 31, 2016</b>	December 31, 2015
Industry	269.5	262.4
In-Service Inspection & Verification	203.9	202.5
Construction	260.6	208.4
Certification	36.7	36.1
<b>Total Industry &amp; Facilities</b>	<b>770.7</b>	<b>709.5</b>
<b>Commodities</b>	<b>778.9</b>	<b>698.4</b>
<b>Government Services &amp; International Trade</b>	<b>36.5</b>	<b>32.2</b>
<b>Consumer Products</b>	<b>348.9</b>	<b>322.6</b>
<b>Marine &amp; Offshore</b>	<b>42.6</b>	<b>37.7</b>
<b>TOTAL</b>	<b>1,977.6</b>	<b>1,800.4</b>

A country-by-country analysis of goodwill for the main CGUs of the In-Service Inspection & Verification business is as follows:

<i>(€ millions)</i>	<b>December 31, 2016</b>	December 31, 2015
Canada	88.1	82.7
United States	44.2	42.8
Spain	23.2	23.2
United Kingdom	27.7	32.3
Other countries	20.7	21.5
<b>TOTAL</b>	<b>203.9</b>	<b>202.5</b>

## Impairment testing methodology

The Group tests goodwill for impairment at the end of each reporting period. In order to do so, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs.

Three groups of CGUs were created for the Industry & Facilities division in 2011 (Construction, Industry and Certification). Goodwill was then allocated to these groups of CGUs generating cash flows and synergies that are largely independent of those generated by other CGUs or groups of CGUs. Since the In-Service Inspection & Verification business continues to be mainly managed locally despite a number of regional initiatives (particularly in Europe), the current country-by-country organization of its CGUs has been maintained for the present time. Goodwill relating to Chongqing Liansheng and HCD was allocated to the Construction group of CGUs, while goodwill arising on the Summit acquisition was allocated to the Industry group of CGUs.

For the Commodities business, the group of CGUs identified in 2011 comprises goodwill of companies that have been related to this business since their acquisition. The main companies include Inspectorate group companies as well as certain companies acquired in 2014, chiefly Maxxam Analytics' oil and gas-related operations. In 2016, the goodwill relating to Kuhlmann Monitoramente Agricola Ltda (Brazil) and DTS (Australia) was allocated to this group of CGUs.

For Consumer Products, the CGU comprises the entire business since the activities carried on by the entities in this business are interdependent. Goodwill arising on the 2016 acquisition of Hangzhou VEO Standards was allocated to the Consumer Products CGU.

For the Government Services & International Trade business, the CGU is the country, in particular Brazil due to the acquisitions carried out (Auto Reg and Auto Vis), and Germany (acquisition of Unicar). Further analyses will be carried out in the next few years to reflect changes in synergies associated with the Government Services & International Trade business for the purpose of goodwill impairment testing.

For Marine & Offshore, the CGU comprises goodwill relating to MatthewsDaniel (acquired in 2014), Hydrocéan (acquired in 2015), and TMC and Maritime Assurance Consulting (acquired in 2016). Further analyses will be carried out in the next few years to reflect changes in synergies associated with the business.

The recoverable amount of CGUs is determined as set out in Note 3.7 – Impairment of non-financial assets. Value in use corresponds to surplus future cash flows generated by a CGU. These cash flows are estimated after allowing for maintenance expenditure, changes in working capital requirements, and any non-recurring items. They are net of tax but exclude external financing costs. The cash flows are based on the latest medium- and long-term earnings forecasts.

There are two key inputs to the cash flow forecasts:

Growth assumptions: cash surpluses depend on the performance of a CGU or group of CGUs which is based on assumptions regarding the growth of the businesses concerned over a five-year period. Beyond this period, performance is calculated using a perpetual growth rate approximating the rate of inflation for the CGU or group of CGUs. A perpetual growth rate of 2.0% was used.

Discount rate: value in use is based on estimated surplus cash flows discounted at the weighted average cost of capital (WACC). The discount rates used are post-tax rates. The WACC used in the calculations is determined by an independent expert and adapted to the Group's different businesses and geographic areas in which the CGUs or groups of CGUs are present.

## Results of 2016 impairment tests

The growth outlook for the Group as a whole remained largely unchanged.

The discount rate used at December 31, 2016 was 7.3% for the groups of CGUs (6.7% in 2015), except for the Commodities business.

The discount rate was 7.5% for Europe (6.9% in 2015), except for Spain (8.8% in 2016 compared with 8.4% in 2015) and the United Kingdom (8.1% in 2016 compared with 7.5% in 2015). For the US, a discount rate of 7.9% was used in 2016 (7.3% in 2015). For Brazil, a discount rate of 9.8% was used in the year (11.1% in 2015). For Canada, the discount rate used in 2016 was 7.4%, the same as in 2015.

### Commodities

The discount rate used for the Commodities group of CGUs was 8.2% in 2016 (9.7% in 2015, which factored in an additional risk premium to better reflect the risks associated with the business). The discount rate applied in 2015 led to the recognition of a €90 million impairment loss against goodwill for the Commodities business.

Sensitivity analyses were carried out to determine the impacts should the Group fail to achieve its business plan projections (updated in the second half of 2016), including revenue, operating margin and the discount rate. For revenue and operating margin, no reasonably possible change in these inputs could lead to the recoverable amount falling below the carrying amount. The findings were similar for the discount rate, even if the 2015 discount rate were to be applied.

### Other businesses

For the other businesses (Certification, Industry, Construction, Consumer Products, Marine & Offshore, Government Services & International Trade), there is no reasonably possible change in key assumptions for a given input at one time that could result in the recoverable amount of a CGU being equal to the carrying amount.

## Note 12 Acquisitions and disposals

### Acquisitions during the period

Bureau Veritas carried out the following acquisitions in 2016:

#### ACQUISITIONS OF 100% INTERESTS

Month	Company	Business	Country
February	HCD Group Limited	In-Service Inspection & Verification	United Kingdom
May	TMC (Marine Consultants) Limited	Marine & Offshore	United Kingdom
June	Summit Inspection Services, Inc.	Industry	United States
July	Cepas	Certification	Italy
November	Maritime Assurance & Consulting Limited	Marine & Offshore	United Kingdom
December	Kuhlmann Monitoramente Agricola	Commodities	Brazil

#### OTHER ACQUISITIONS

The amount of goodwill resulting from these acquisitions was calculated using the partial goodwill method.

Month	Company	Business	% acquired	Country
March	Chongqing Liansheng	Construction	80.0%	China
May	Hangzhou VEO Standards	Consumer Products	65.0%	China
May	DTS Laboratories	Commodities	51.0%	Australia

#### INCREASE IN SHAREHOLDINGS

Month	Company	Business	BV interest	Country
August	Inspectorate Uluslararası Gözetim Servisleri AS	Commodities	100%	Turkey
December	BV Kotiti Korea Ltd	Consumer Products	100%	South Korea

The purchase price for acquisitions made in 2016 was allocated to the acquirees' identifiable assets, liabilities and contingent liabilities at the end of the reporting period, based on information and provisional valuations available at that date.

The table below was drawn up prior to completing the final purchase price accounting for companies acquired in 2016:

(€ millions)	December 2016		December 2015	
<b>Purchase price of acquisitions</b>		<b>181.6</b>		<b>107.6</b>
Acquisition of non-controlling interests		(3.5)		(12.6)
<b>Cost of assets and liabilities acquired/assumed</b>		<b>178.1</b>		<b>95.0</b>
<b>Assets and liabilities acquired/assumed</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Non-current assets	23.0	114.9	8.7	53.4
Current assets (excluding cash and cash equivalents)	64.1	64.3	54.6	57.1
Current liabilities (excluding borrowings)	(75.7)	(87.6)	(72.3)	(69.9)
Non-current liabilities (excluding borrowings)	(8.4)	(35.8)	(0.1)	(12.5)
Borrowings	(2.2)	(2.2)	(1.0)	(1.0)
Non-controlling interests acquired	(12.1)	(12.1)	(9.2)	(9.2)
Cash and cash equivalents of acquired companies	9.8	9.8	26.4	26.4
<b>Total assets and liabilities acquired/assumed</b>	<b>(1.5)</b>	<b>51.3</b>	<b>7.2</b>	<b>44.3</b>
<b>GOODWILL</b>		<b>126.8</b>		<b>50.7</b>

The main items of goodwill in the period concern:

- Chongqing Liansheng for €31.6 million;
- KMA for €36.3 million.

The residual unallocated goodwill is chiefly attributable to the human capital of the companies acquired and the significant synergies expected to result from these acquisitions.

Fair value adjustments relating to the main acquisitions carried out in 2015 whose final accounting was completed in 2016, are recognized in the 2016 consolidated financial statements.

The Group's acquisitions were paid exclusively in cash.

The impact of these acquisitions on cash and cash equivalents for the period was as follows:

(€ millions)	2016	2015
<b>Purchase price of acquisitions</b>	<b>(181.6)</b>	<b>(107.6)</b>
Cash and cash equivalents of acquired companies	9.8	26.4
Purchase price outstanding at December 31 in respect of acquisitions in the year	40.1	14.1
Purchase price paid in relation to acquisitions in prior years	(52.3)	(30.0)
<b>IMPACT OF ACQUISITIONS ON CASH AND CASH EQUIVALENTS</b>	<b>(184.0)</b>	<b>(97.1)</b>

The amount of €189.8 million shown on the "Acquisitions of subsidiaries" line of the consolidated statement of cash flows includes a net amount of €5.8 million in acquisition-related fees paid out.

### Unpaid contingent consideration

Contingent consideration for acquisitions carried out prior to January 1, 2016 expired in 2016. The unpaid contingent consideration had a positive €3.2 million impact on the income statement, included in "Other operating income and expense, net".

### Financial liabilities relating to put options granted to holders of non-controlling interests

Financial liabilities relating to put options granted to holders of non-controlling interests amounted to €41.7 million at December 31, 2016 (€40.5 million at December 31, 2015).

The carrying amount and main characteristics of put options are detailed in the table below:

(€ millions)	December 31, 2016	December 31, 2015	Start of exercise period	Price calculation reference
Kotiti	-	3.5	September 2016	2015 EBITDA multiple
Matthews Daniel	1.0	6.4	2015	Price of the 81.1% interest acquired in 2014
Shandong Chengxin Engineering	18.8	19.5	2017 accounts close	Average 2016 and 2017 EBIT multiple
Ningbo	7.6	7.8	2016 accounts close	Average 2015 and 2016 EBIT multiple
Shanghai TJU	3.1	3.2	2017 accounts close	Average 2015, 2016 and 2017 EBIT multiple
Chongqing Liansheng	11.2	-	2018 accounts close	Average 2016, 2017 and 2018 EBIT multiple
<b>TOTAL</b>	<b>41.7</b>	<b>40.5</b>		
Non-current	33.1	35.1		
Current	8.6	5.4		

Movements in the period were as follows:

(€ millions)	2016	2015
<b>At January 1</b>	<b>40.5</b>	<b>29.6</b>
New options <sup>(a)</sup>	11.2	30.5
Options exercised	(8.9)	(16.4)
Change in the present value of the exercise price of outstanding options	(1.1)	(3.2)
<b>AT DECEMBER 31</b>	<b>41.7</b>	<b>40.5</b>

(a) Put options with a unit price equal to or less than 10% of the total amount of the put options granted by the Group to certain holders of non-controlling interests.

New options granted along with changes in the price of existing options had a negative €10.1 million impact on the "Other movements" line in the consolidated statement of changes in equity.

Options exercised had a positive €13.3 million impact on the "Repayment of amounts owed to shareholders" line of the consolidated statement of cash flows.

## Comparative data

In 2016, Bureau Veritas acquired companies and groups with aggregate annual revenue of around €124.2 million for the year (2015: €81.8 million) and operating profit before amortization of intangible assets resulting from business combinations of around €21.3 million (2015: €22.7 million).

The table below shows the Group's key financial indicators including major acquisitions carried out in 2016 such as Chongqing Liansheng and Kuhlmann Monitoramente Agricola, as if these acquisitions had been included in the consolidated financial statements at January 1, 2016. Operating profit includes 12-month amortization charged against intangible assets resulting from the business combinations.

The main acquisitions carried out in 2016 do not have a material impact on comparative indicators in the consolidated statement of cash flows.

(€ millions)	2016	2015
<b>Revenue</b>		
As per financial statements	4,549.2	4,634.8
<b>COMPARABLE</b>	<b>4,592.7</b>	<b>4,652.4</b>
<b>Operating profit</b>		
As per financial statements	609.7	576.9
<b>COMPARABLE</b>	<b>616.4</b>	<b>580.2</b>
<b>Net profit</b>		
As per financial statements	335.1	267.7
<b>COMPARABLE</b>	<b>336.9</b>	<b>269.9</b>

## Disposals

The Group finalized the sale of its German subsidiary One Tüv in 2016.

The table below shows the impacts of the businesses sold and held for sale on the statement of financial position and income statement.

(€ millions)	2016	2015
<b>Assets and liabilities sold</b>		
Goodwill	-	0.1
Non-current assets	0.5	5.0
Current assets	-	2.6
Current and non-current liabilities	-	(1.7)
<b>Carrying amount of assets sold</b>	<b>0.5</b>	<b>6.0</b>
Gains/(losses) on disposals of businesses	(0.5)	(0.8)
Proceeds from disposals of businesses	-	5.2
<b>Of which payment received</b>	<b>0.7</b>	<b>-</b>
<b>Of which payment deferred</b>	<b>-</b>	<b>5.2</b>

The impact of the disposals on cash and cash equivalents is as follows:

(€ millions)	2016	2015
Amounts collected on discontinued operations	0.7	-
Cash and cash equivalents relating to discontinued operations	-	(1.6)
<b>IMPACT OF DISCONTINUED OPERATIONS ON CASH AND CASH EQUIVALENTS</b>	<b>0.7</b>	<b>(1.6)</b>

## Note 13 Intangible assets

(€ millions)	December 2015	Acquisitions/ Additions	Disposals	Changes in scope of consolidation	Currency translation differences and other movements	December 2016
Customer relationships	873.4	-	-	92.0	33.8	999.2
Brands	61.7	-	-	4.2	1.3	67.2
Non-competition agreements	37.2	-	-	-	0.7	37.9
Other intangible assets	131.4	12.4	(1.6)	1.2	16.8	160.2
Intangible assets in progress	13.9	18.6	-	-	(12.2)	20.3
<b>Gross value</b>	<b>1,117.6</b>	<b>31.0</b>	<b>(1.6)</b>	<b>97.4</b>	<b>40.4</b>	<b>1,284.8</b>
Customer relationships	(343.2)	(72.5)	-	-	(12.7)	(428.4)
Brands	(48.6)	(2.9)	-	-	(0.8)	(52.3)
Non-competition agreements	(18.4)	(4.1)	-	-	(0.7)	(23.2)
Other intangible assets	(78.0)	(15.8)	1.5	(1.1)	(0.7)	(94.1)
<b>Accumulated amortization and impairment</b>	<b>(488.2)</b>	<b>(95.3)</b>	<b>1.5</b>	<b>(1.1)</b>	<b>(14.9)</b>	<b>(598.0)</b>
Customer relationships	530.2	(72.5)	-	92.0	21.1	570.8
Brands	13.1	(2.9)	-	4.2	0.5	14.9
Non-competition agreements	18.8	(4.1)	-	-	-	14.7
Other intangible assets	53.4	(3.4)	(0.1)	0.1	16.1	66.1
Intangible assets in progress	13.9	18.6	-	-	(12.2)	20.3
<b>INTANGIBLE ASSETS, NET</b>	<b>629.4</b>	<b>(64.3)</b>	<b>(0.1)</b>	<b>96.3</b>	<b>25.5</b>	<b>686.8</b>

(€ millions)	December 2014	Acquisitions/ Additions	Disposals	Changes in scope of consolidation	Currency translation differences and other movements	December 2015
Customer relationships	842.1	0.1	(0.2)	44.7	(13.3)	873.4
Brands	60.2	-	-	1.6	(0.1)	61.7
Non-competition agreements	35.7	-	-	-	1.5	37.2
Other intangible assets	107.4	19.4	(3.0)	0.7	6.9	131.4
Intangible assets in progress	-	12.1	-	-	1.8	13.9
<b>Gross value</b>	<b>1,045.4</b>	<b>31.6</b>	<b>(3.2)</b>	<b>47.0</b>	<b>(3.2)</b>	<b>1,117.6</b>
Customer relationships	(271.7)	(76.1)	-	-	4.6	(343.2)
Brands	(43.2)	(5.6)	-	-	0.2	(48.6)
Non-competition agreements	(13.4)	(5.0)	-	-	-	(18.4)
Other intangible assets	(66.5)	(13.3)	2.7	(0.2)	(0.7)	(78.0)
<b>Accumulated amortization and impairment</b>	<b>(394.8)</b>	<b>(100.0)</b>	<b>2.7</b>	<b>(0.2)</b>	<b>4.1</b>	<b>(488.2)</b>
Customer relationships	570.4	(76.0)	(0.2)	44.7	(8.7)	530.2
Brands	17.0	(5.6)	-	1.6	0.1	13.1
Non-competition agreements	22.3	(5.0)	-	-	1.5	18.8
Other intangible assets	40.9	6.1	(0.3)	0.5	6.2	53.4
Intangible assets in progress	-	12.1	-	-	1.8	13.9
<b>INTANGIBLE ASSETS, NET</b>	<b>650.6</b>	<b>(68.4)</b>	<b>(0.5)</b>	<b>46.8</b>	<b>0.9</b>	<b>629.4</b>

All of the amounts allocated to "Customer relationships" in 2016 and 2015 relate to the acquisitions carried out during the respective financial year.

Amortization charged against intangible assets totaled €95.3 million in 2016 (€100.0 million in 2015).

As a result of revisions to the amortization schedules of customer relationships relating to TH Hill in the US and Tecnicontrol in

Colombia, an additional amortization expense was recognized for €9.6 million in 2016.

Research and development costs expensed in 2016 totaled €11.1 million (€15.2 million in 2015) and chiefly concern the Marine & Offshore business in France (€9.5 million), Maxxam operations in Canada (€1.5 million) and research projects in Brazil (€0.1 million).

## Note 14 Property, plant and equipment

(€ millions)	December 2015	Acquisitions/ Additions	Disposals	Changes in scope of consolidation	Currency translation differences and other movements	December 2016
Land	20.0	2.5	(4.2)	-	1.0	19.3
Buildings	52.2	4.5	(2.2)	9.0	0.5	64.0
Fixtures and fittings, machinery and equipment	851.5	61.2	(22.7)	12.7	51.4	954.1
IT equipment and other	272.6	25.2	(22.8)	6.3	3.5	284.8
Construction in progress	41.0	32.1	-	-	(39.5)	33.5
<b>Gross value</b>	<b>1,237.2</b>	<b>125.5</b>	<b>(51.9)</b>	<b>28.0</b>	<b>16.9</b>	<b>1,355.7</b>
Land	-	-	-	-	-	-
Buildings	(23.5)	(2.0)	1.0	(6.0)	0.1	(30.4)
Fixtures and fittings, machinery and equipment	(519.0)	(77.4)	17.8	(7.8)	(11.6)	(598.0)
IT equipment and other	(196.2)	(27.7)	20.3	(4.8)	(0.3)	(208.7)
Construction in progress	(0.6)	-	-	-	0.6	-
<b>Accumulated depreciation and impairment</b>	<b>(739.3)</b>	<b>(107.1)</b>	<b>39.1</b>	<b>(18.6)</b>	<b>(11.2)</b>	<b>(837.1)</b>
Land	20.0	2.5	(4.2)	-	1.0	19.3
Buildings	28.7	2.5	(1.2)	3.0	0.6	33.6
Fixtures and fittings, machinery and equipment	332.5	(16.2)	(4.9)	4.9	39.8	356.1
IT equipment and other	76.4	(2.5)	(2.5)	1.5	3.2	76.1
Construction in progress	40.4	32.1	-	-	(38.9)	33.5
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>497.9</b>	<b>18.4</b>	<b>(12.8)</b>	<b>9.4</b>	<b>5.7</b>	<b>518.6</b>

(€ millions)	December 2014	Acquisitions/ Additions	Disposals	Changes in scope of consolidation	Currency translation differences and other movements	December 2015
Land	15.1	4.8	(0.1)	-	0.2	20.0
Buildings	51.3	2.9	(0.8)	-	(1.2)	52.2
Fixtures and fittings, machinery and equipment	778.3	68.6	(22.4)	3.9	23.1	851.5
IT equipment and other	264.9	32.9	(27.4)	3.5	(1.3)	272.6
Construction in progress	28.5	28.5	-	-	(16.0)	41.0
<b>Gross value</b>	<b>1,138.0</b>	<b>137.7</b>	<b>(50.7)</b>	<b>7.4</b>	<b>4.8</b>	<b>1,237.2</b>
Land	-	-	-	-	-	-
Buildings	(22.3)	(1.9)	0.8	-	(0.1)	(23.5)
Fixtures and fittings, machinery and equipment	(450.3)	(74.2)	18.7	(2.5)	(10.7)	(519.0)
IT equipment and other	(188.6)	(29.0)	25.1	(2.8)	(0.9)	(196.2)
Construction in progress	(1.2)	-	-	-	0.6	(0.6)
<b>Accumulated depreciation and impairment</b>	<b>(662.4)</b>	<b>(105.1)</b>	<b>44.6</b>	<b>(5.3)</b>	<b>(11.1)</b>	<b>(739.3)</b>
Land	15.1	4.8	(0.1)	-	0.2	20.0
Buildings	29.0	1.0	-	-	(1.3)	28.7
Fixtures and fittings, machinery and equipment	328.0	(5.6)	(3.7)	1.4	12.4	332.5
IT equipment and other	76.3	3.9	(2.3)	0.7	(2.2)	76.4
Construction in progress	27.3	28.5	-	-	(15.4)	40.4
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>475.6</b>	<b>32.6</b>	<b>(6.1)</b>	<b>2.1</b>	<b>(6.3)</b>	<b>497.9</b>

The Group's property, plant and equipment consists mainly of laboratory equipment used in the Commodities and Consumer Products testing businesses.

The major centers of expertise for metals and minerals are in Australia and Canada. The major centers of expertise in oil and petrochemicals are based in the US and in Canada.

The laboratories of our Consumer Products division are located mainly in Asia.

Depreciation charged against property, plant and equipment totaled €107.1 million in 2016 and €105.1 million in 2015.

## Note 15 Investments in equity-accounted companies

<i>(€ millions)</i>	<b>December 2016</b>	December 2015
<b>Investments in equity-accounted companies at January 1</b>	<b>4.8</b>	<b>5.1</b>
Gains/(losses) during the year	0.8	0.8
Acquisitions	-	-
Other movements	(0.6)	(1.1)
<b>INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES AT DECEMBER 31</b>	<b>5.0</b>	<b>4.8</b>

Based on criteria used by the Group (revenue, total assets and contribution to consolidated net profit), these investments are not deemed material.

## Note 16 Deferred income tax

The table below provides details of deferred income tax recognized in the statement of financial position:

<i>Analysis of deferred income tax by maturity (€ millions)</i>	<b>December 2016</b>	December 2015
<b>Deferred income tax assets</b>		
Non-current	83.7	85.2
Current	59.2	52.0
<b>Total</b>	<b>142.9</b>	<b>137.2</b>
<b>Deferred income tax liabilities</b>		
Non-current	(146.3)	(141.5)
Current	(18.5)	(11.3)
<b>Total</b>	<b>(164.8)</b>	<b>(152.8)</b>
<b>NET DEFERRED INCOME TAX LIABILITIES</b>	<b>(21.9)</b>	<b>(15.6)</b>

Deferred taxes at December 31, 2016 are presented after offsetting deferred tax assets and deferred tax liabilities relating to the same taxable entity.

Movements in deferred taxes during the year were as follows:

<i>Movements in deferred taxes during the year (€ millions)</i>	<b>December 2016</b>	December 2015
<b>Net deferred income tax assets (liabilities) at January 1</b>	<b>(15.6)</b>	<b>(37.0)</b>
<b>Impact of change in accounting method for actuarial differences</b>		
Deferred tax income/(expense) for the year	10.6	35.5
Deferred income taxes recognized directly in equity	10.4	(5.2)
Changes in scope of consolidation	(21.8)	(11.6)
Exchange differences	(5.5)	2.7
<b>NET DEFERRED INCOME TAX LIABILITIES AT DECEMBER 31</b>	<b>(21.9)</b>	<b>(15.6)</b>

Net changes in deferred taxes during the year are shown below before offsetting at the level of taxable entities:

(€ millions)	Pension plans and other employee benefit obligations	Provisions for contract-related disputes	Tax loss carryforwards	Gains taxable in future periods	Customer relationships	Other	Total
<b>At December 31, 2014</b>	<b>40.6</b>	<b>0.8</b>	<b>27.1</b>	<b>(24.8)</b>	<b>(156.9)</b>	<b>76.2</b>	<b>(37.0)</b>
Income/(expense) recognized in the income statement	1.3	(0.1)	4.7	(3.9)	18.4	15.1	35.5
Tax asset recognized directly in equity	(3.0)	-	-	-	-	(2.2)	(5.2)
Reclassifications	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	0.6	(12.3)	0.1	(11.6)
Exchange differences	0.1	-	(1.2)	1.5	2.6	(0.3)	2.7
<b>At December 31, 2015</b>	<b>39.0</b>	<b>0.7</b>	<b>30.6</b>	<b>(26.6)</b>	<b>(148.2)</b>	<b>88.9</b>	<b>(15.6)</b>
Income/(expense) recognized in the income statement	(3.2)	0.4	0.4	(2.3)	19.6	(4.3)	10.6
Tax asset recognized directly in equity	3.6	-	-	-	-	6.8	10.4
Reclassifications	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	(0.2)	(26.1)	4.5	(21.8)
Exchange differences	-	-	0.6	(0.6)	(6.8)	1.3	(5.5)
<b>AT DECEMBER 31, 2016</b>	<b>39.4</b>	<b>1.1</b>	<b>31.6</b>	<b>(29.7)</b>	<b>(161.5)</b>	<b>97.2</b>	<b>(21.9)</b>

Deferred tax assets on tax loss carryforwards were calculated based on estimated future earnings of the loss-making subsidiaries. The calculation was made by reference to the 2017 budget and updated information taken from the 2020 strategic plan, both of which were drawn up in the last quarter of 2016. The timeframe used for these forecasts was within the period allowed by each country for the carry-forward of tax losses (pursuant to IAS 12.34).

Other deferred taxes relate mainly to non-deductible accrued charges and provisions.

At December 31, 2016, cumulative unrecognized tax loss carryforwards totaled €119.2 million, of which €22.8 million arose in 2016 (December 31, 2015: €116.4 million, of which €25.1 million arose in 2015).

The tax impact of these tax loss carryforwards was €30.8 million, of which €6.1 million arose in 2016 (December 31, 2015: €27.8 million, of which €5.9 million arose in 2015).

## Note 17 Investments in non-consolidated companies

(€ millions)	December 2016	December 2015
<b>Investments in non-consolidated companies at January 1</b>	<b>1.3</b>	<b>1.1</b>
<i>Movements during the year</i>		
Acquisitions	-	-
Disposals	-	-
Other movements	-	0.2
<b>INVESTMENTS IN NON-CONSOLIDATED COMPANIES AT DECEMBER 31</b>	<b>1.3</b>	<b>1.3</b>

All of the Group's investments in non-consolidated companies correspond to shares acquired in unlisted companies.

## Note 18 Other financial assets

(€ millions)	December 2016	December 2015
Deposits and guarantees	54.6	55.3
Other	14.6	15.7
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>69.2</b>	<b>71.0</b>
Non-monetary mutual funds (SICAV)	-	2.3
Other	51.0	43.0
<b>OTHER CURRENT FINANCIAL ASSETS</b>	<b>51.0</b>	<b>45.3</b>

Deposits and guarantees primarily correspond to guarantee deposits relating to lease payments on office premises and do not bear interest. All of the Group's deposits and guarantees are presented within non-current financial assets. The vast majority of these have maturities of one to five years.

The Group considers that the fair value of these deposits and guarantees approximated their carrying amount at December 31, 2016 and December 31, 2015.

Non-current financial assets have been pledged by the Group and represented a total carrying amount of €4.4 million at December 31, 2016 (December 31, 2015: €5.4 million).

The €51.0 million recorded in "Other" in other current financial assets includes:

- €36.9 million relating to a financial receivable in connection with bidding operations in China. The amounts received do not correspond to the definition of a cash component within the meaning of IAS 7;
- €4.4 million relating to part of the price paid for acquisitions carried out in first-quarter 2017, deposited in an escrow account.

## Note 19 Derivative financial instruments

A currency hedge has been contracted swapping a portion of the Group's USPP debt in pounds sterling for euros.

The currency derivatives in place at December 31, 2016 were as follows:

Maturity	Notional amount	Fair value of derivatives (€ millions)
07/16/2018	GBP 23 million	(2.4)
07/16/2020	GBP 40 million	(5.7)
<b>NON-CURRENT LIABILITIES</b>		<b>(8.1)</b>

The Group has set up multi-currency foreign exchange derivatives hedging the euro. These instruments are set up on a centralized basis and are designed to protect the Group against currency risk arising mainly on intra-group loans and a portion of its external debt.

The foreign exchange derivatives maturing within one year (currency swaps and forward purchases and sales) in place at December 31, 2016 were as follows:

Currency	Notional amount (millions of currency units)	Fair value of derivatives (€ millions)
USD	423.0	0.9
CAD	(370.5)	(3.4)
ZAR	(129.4)	(0.1)
SGD	(59.3)	0.2
RUB	(81.3)	0.1
PLN	8.0	-
JPY	1,205.3	(0.1)
GBP	(32.3)	0.9
CNY	(1.2)	(0.2)
AUD	121.9	(2.4)
SEK	(101.7)	(0.2)
DKK	(68.5)	-
CZK	(129.0)	-
NOK	(12.9)	-
CHF	(3.4)	-
<b>NET LIABILITY</b>		<b>(4.3)</b>

The Group had no interest rate hedges at the reporting date.

A negative residual balance of €2.8 million was carried in equity at end-2016 in respect of changes in the fair value of cash flow hedges. This will be reclassified to net financial expense as and when the hedged cash flows affect profit or loss.

Interest expense on currency hedges classified as cash flow hedges amounted to €0.1 million in 2016.

No material ineffective portion was recognized in net financial expense in 2016 in respect of cash flow hedges.

In accordance with IFRS 13, the fair value of derivative instruments takes into account the Company's own credit risk on derivative instruments with a negative fair value and its counterparty risk on derivatives with a positive fair value. The impact on fair value of this change in estimate is recognized in the income statement for the period and is not material.

## Note 20 Trade and other receivables

(€ millions)	December 2016	December 2015
Trade receivables	1,393.9	1,292.4
Inventories	20.6	18.3
Other receivables	151.1	127.6
<b>Gross value</b>	<b>1,565.6</b>	<b>1,438.3</b>
<b>Provisions at January 1</b>	<b>(64.1)</b>	<b>(63.8)</b>
Net additions/reversals during the period	(5.7)	0.2
Changes in scope of consolidation	(0.1)	-
Currency translation differences and other movements	0.4	(0.5)
<b>Provisions at December 31</b>	<b>(69.5)</b>	<b>(64.1)</b>
<b>TRADE AND OTHER RECEIVABLES, NET</b>	<b>1,496.1</b>	<b>1,374.2</b>

The Group considers that the fair value of its receivables approximates their carrying amount as they all fall due within one year.

There is little concentration of credit risk resulting from the Group's trade receivables due to the significant number of clients and their geographic diversity.

The table below presents an aged balance of trade and other receivables for which no impairment provisions have been set aside:

(€ millions)	December 2016	December 2015
<b>Trade receivables</b>	<b>1,393.9</b>	<b>1,292.4</b>
of which		
● provisioned	68.4	63.5
● not provisioned and due:		
less than 1 month past due	155.4	167.0
1 to 3 months past due	120.9	133.6
3 to 6 months past due	68.3	69.9
more than 6 months past due	72.7	49.8

## Note 21 Cash and cash equivalents

<i>(€ millions)</i>	<b>December 2016</b>	December 2015
Marketable securities	668.7	323.9
Cash at bank and on hand	425.4	199.0
<b>TOTAL</b>	<b>1,094.1</b>	<b>522.9</b>

The Group considers that cash and cash equivalents primarily comprise available cash.

Marketable securities correspond to units in monetary mutual funds (SICAV) which meet the definition of cash and cash equivalents set out in IAS 7.

Most of the "Cash at bank and on hand" item is considered to represent available cash. In all, 40% of the Group's cash at bank and on hand is located in 66 countries where loans or current

accounts are difficult or even impossible to put in place (e.g., South Korea, India, China, Benin and Angola). In this case, cash at bank and on hand is repatriated when dividends are paid.

Cash that cannot be pooled represents only around 4% of cash at bank and on hand and is defined as cash balances in countries which forbid or severely restrict transfers of cash. This concerns just two countries: Iran and Venezuela.

Net cash and cash equivalents as reported in the consolidated statement of cash flows comprise:

<i>(€ millions)</i>	<b>December 2016</b>	December 2015
Cash and cash equivalents	1,094.1	522.9
Bank overdrafts (Note 24)	(6.0)	(12.1)
<b>NET CASH AND CASH EQUIVALENTS AS REPORTED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>1,088.1</b>	<b>510.8</b>

## Note 22 Share capital

### Share capital

The total number of shares making up the share capital was 442,000,000 at December 31, 2016 and 442,000,000 at December 31, 2015.

All shares have a par value of €0.12 and are fully paid up.

### Capital increase

Following the exercise of 149,600 stock options and the creation of 149,600 shares, the Group carried out a share capital increase which included a share premium of €1.4 million.

### Capital reduction

On December 16, 2016, the parent company reduced the share capital by canceling 149,600 treasury shares representing a share premium of €3.0 million.

### Treasury shares

At December 31, 2016, the Group held 5,271,033 of its own shares. The carrying amount of these shares was deducted from equity.

## Note 23 Share-based payment

The Group has set up three types of long-term equity-settled compensation plans:

- stock purchase or subscription option plans;
- stock subscription option plans on preferential terms;
- performance share plans.

### Stock subscription and purchase option plans

#### Description

Stock options are granted to senior managers and other select employees. Awards since 2011 have consisted solely of stock purchase option plans which will require the Group to buy back its shares on the market. All stock option plans granted up to 2010 concern stock subscription options which entitle their holders to subscribe for newly issued shares on exercise of their options. The

Group has no legal or constructive obligation to repurchase or settle the options in cash.

Depending on the plans, the options are subject to a vesting period of three or five years and are valid for a term of eight or ten years after the grant date.

The exercise price is fixed when the options are awarded and cannot be changed.

Pursuant to a decision of the Board of Directors on June 21, 2016, the Group awarded 1,312,400 stock purchase options to select employees and to the Executive Corporate Officer. The options granted may be exercised at a fixed price of €19.35.

To be eligible for these awards, beneficiaries must have completed a minimum period of service and achieved certain performance targets based on 2016 adjusted operating profit and the operating margin (adjusted operating profit/revenue) for 2017 and 2018. The stock purchase options are valid for ten years after the grant date.

The average fair value of options granted during the year was €2.35 per option (2015: €2.75).

#### MOVEMENTS IN OPTIONS:

	Weighted average exercise price of options	Number of options	Average residual life of outstanding options
<b>At December 31, 2014</b>	<b>16.89</b>	<b>5,632,280</b>	<b>5.5 years</b>
Options granted during the year	20.51	1,344,000	
Options canceled during the year	20.36	(560,172)	
Options exercised during the year	11.18	(739,752)	
<b>At December 31, 2015</b>	<b>18.15</b>	<b>5,676,356</b>	<b>5.8 years</b>
Options granted during the year	19.35	1,312,400	
Options canceled during the year	20.21	(169,111)	
Options exercised during the year	12.95	(269,208)	
<b>AT DECEMBER 31, 2016</b>	<b>18.55</b>	<b>6,550,437</b>	<b>5.8 YEARS</b>

Out of the total number of outstanding options at each year-end, 3,230,260 options were exercisable at end-2016 (end-2015: 2,405,874 options).

**OVERVIEW OF STOCK OPTION PLANS AT DECEMBER 31, 2016:**

	Expiration date	Exercise price (in euros per option)	Number of options	
			December 2016	December 2015
06/09/2008 Plan	06/09/16	9.59	-	105,600
07/03/2009 Plan	07/03/17	8.75	234,000	266,000
07/23/2010 Plan	07/23/18	11.58	312,000	324,000
07/18/2011 Plan	07/18/19	14.42	368,000	382,000
12/14/2011 Plan	12/14/19	13.28	78,480	78,480
07/18/2012 Plan	07/18/20	17.54	1,126,186	1,249,794
07/22/2013 Plan	07/22/21	21.01	1,111,594	1,167,973
07/16/2014 Plan	07/16/22	20.28	771,527	824,509
07/15/2015 Plan	07/15/25	20.51	1,248,250	1,278,000
06/21/2016 Plan	06/21/26	19.35	1,300,400	
<b>NUMBER OF OPTIONS AT DECEMBER 31</b>			<b>6,550,437</b>	<b>5,676,356</b>

**Measurement**

The fair value of options outstanding during the period was determined using the Black-Scholes option pricing model.

The fair value of options granted in 2016 was calculated based on the following main assumptions and characteristics:

- exercise price: €19.35;
- expected share volatility: 22.7% (2015: 22.1%);
- dividend yield: 2.6% (2015: 2.3%);
- expected option life: 4 years (2015: 4 years);
- risk-free interest rate: 0.34% (2015: 0.08%), determined by reference to the yield on government bonds over the estimated life of the option.

The number of options that will vest is estimated based on an attainment rate of 45% for performance targets in 2016 (2015: 100%) and an attrition rate of 1% *per annum* in 2016 (2015: 5%). The performance condition attached to the July 15, 2015 stock purchase option plan was based on 2015 adjusted operating profit. The attainment rate for the performance condition was 98%.

In 2016, the expense recognized by the Group in respect of stock options amounted to €2.8 million (2015: €3.0 million).

Overview of performance share plans at December 31, 2016:

Grant date	Vesting date	Number of shares
07/22/2013 Plan	07/22/2017 or 07/22/2016 for employees of a French company	632,222
07/22/2013 Plan	07/22/2021 or 07/22/2022	720,000
07/16/2014 Plan	07/16/2018 or 07/16/2017 for employees of a French company	826,365
07/15/2015 Plan	07/15/2019 or 07/15/2018 for employees of a French company	1,048,998
06/21/2016 Plan	06/21/2019	1,110,850
<b>NUMBER OF SHARES AT DECEMBER 31, 2016</b>		<b>4,338,435</b>

**Stock subscription plans at preferential terms**

On December 13, 2007, the Group set up an employee stock ownership plan pursuant to a decision of the Management Board. Within the scope of this plan, the Group's employees subscribed to 1,143,905 shares as part of a cash capital increase carried out for this purpose at a 20% discount on the IPO price of €37.75 (corresponding to €9.44 after the four-for-one stock split on June 21, 2013). The shares subscribed are non-transferable for a period of five years.

**Performance share plans****Description**

Pursuant to a decision of the Board of Directors, the Group awarded 1,131,650 performance shares to certain employees and to the Executive Corporate Officer on June 21, 2016. Beneficiaries must have completed three years of service to be eligible for the stock purchase option plans. Eligibility for stock purchase options also depends on meeting a series of performance targets based on adjusted operating profit for 2016 and on the operating margin (adjusted operating profit/revenue) in 2017 and 2018.

## Measurement

The fair value of performance shares awarded to certain employees and to the Executive Corporate Officer was determined using the Black-Scholes option pricing model, except for the fair value of performance shares awarded to the Executive Corporate Officer in 2013, which was calculated using binomial and Monte Carlo methods.

The weighted average fair value of performance shares awarded to certain employees and the Executive Corporate Officer in 2016 was €17.65 per share (2015: €17.66), based on the following assumptions:

- share price at the grant date;
- dividend yield: 2.6% (2015: 2.3%);
- discount corresponding to risks and liquidity requirements: N/A (2015: 14.05%).

The number of shares that will vest is estimated based on an attainment rate of 57% for performance targets in 2016 (2015: 100%) and an attrition rate of 5% *per annum* (as in 2015). The performance condition attached to the July 15, 2015 plan was based on adjusted operating profit for 2015. The attainment rate for the performance condition was 98%.

The award of performance shares to the Executive Corporate Officer in 2013 was amended pursuant to a decision of the Board of Directors on March 23, 2016. The impact of this change on the fair value was €1.33 (2013: €5.77). The following main assumptions were used to price these performance shares:

- share price at the grant date and at the date the award was amended;
- benchmark price: €19.00 (2013: €20.26);
- Bureau Veritas volatility: 18.66% (2013: 19.5% and 24.6%);
- dividend yield: 2.6% (2013: 2%);
- borrower interest rate: 5.3% (2013: 7%);
- risk-free rate: -0.23% (2013: 0.12% to 1.51%);
- discount corresponding to risks and liquidity requirements: 9.55% (2013: 10.78%).

The number of shares that will vest is estimated based on an attrition rate of zero.

In 2016, the expense recognized by the Group in respect of performance shares amounted to €18.0 million (2015: €18.9 million).

## Note 24 Borrowings and financial debt

(€ millions)	Total	Due within 1 year	Due between 1 and 2 years	Due between 3 and 5 years	Due beyond 5 years
<b>At December 31, 2015</b>					
Bank borrowings and debt (long-term portion)	1,311.0		27.6	928.9	354.5
Bond issue	1,000.0		500.0	-	500.0
<b>Non-current borrowings and financial debt</b>	<b>2,311.0</b>		<b>527.6</b>	<b>928.9</b>	<b>854.5</b>
Current bank borrowings and debt	66.8	66.8			
Bank overdrafts	12.1	12.1			
<b>Current borrowings and financial debt</b>	<b>78.9</b>	<b>78.9</b>			
<b>At December 31, 2016</b>					
Bank borrowings and debt (long-term portion)	1,292.9		174.5	852.8	265.6
Bond issue	1,200.0		-	500.0	700.0
<b>NON-CURRENT BORROWINGS AND DEBT (LONG TERM PORTION)</b>	<b>2,492.9</b>		<b>174.5</b>	<b>1,352.8</b>	<b>965.6</b>
Current bank borrowings and debt	83.5	83.5			
Bond issue	500.0	500.0			
Bank overdrafts	6.0	6.0			
<b>BORROWINGS AND FINANCIAL DEBT CURRENT</b>	<b>589.5</b>	<b>589.5</b>			

(€ millions)	Total	Due within 1 year	Due between 1 and 2 years	Due between 3 and 5 years	Due beyond 5 years
Estimated interest payable on bank borrowings and debt	318.8	84.4	72.4	128.7	33.3
Impact of cash flow hedges (principal and interest)	5.4	-	2.0	3.4	-

Gross debt increased by €692.5 million between December 31, 2015 and December 31, 2016, to €3,082.4 million. This increase chiefly reflects the pre-financing in advance of term in 2016 of the €500 million bond issue maturing in May 2017.

In the table above, interest takes into account the impact of debt hedging (currency derivatives).

At December 31, 2016, virtually all of the Group's gross debt related to the facilities described below.

### Non-bank financing

Non-bank financing includes:

- the 2008, 2010, 2011 & 2014, and 2013 & 2014 US Private Placements in a total amount of USD 616 million, €184.1 million and GBP 63 million;
- the different tranches of *Schuldschein* notes totaling €287 million;
- the bond issues carried out in May 2012, January 2014 and September 2016 for a total amount of €1.7 billion.

### Bank financing

Bank financing included two facilities at December 31, 2016:

- the confirmed, undrawn 2012 syndicated loan for an amount of €450 million;
- a bank facility totaling USD 200 million and drawn in full.

### Breakdown by currency

Current and non-current bank borrowings and debt can be analyzed as follows by currency:

Currency (€ millions)	December 2016	December 2015
US dollar (USD)	775.3	750.8
Euro (€)	2,283.3	1,611.4
Other currencies	17.8	15.7
<b>TOTAL</b>	<b>3,076.4</b>	<b>2,377.9</b>

The GBP tranches of the 2008 US Private Placement were converted into euros using a currency swap and are therefore included on the "Euro (EUR)" line. Derivative financial instruments are described in further detail in Note 19 – Derivative financial instruments.

### Fixed rate/floating rate breakdown

At December 31, 2016, gross borrowings and financial debt can be analyzed as follows:

(€ millions)	December 2016	December 2015
Fixed rate	2,518.4	1,837.7
Floating rate	558.0	540.2
<b>TOTAL</b>	<b>3,076.4</b>	<b>2,377.9</b>

The contractual repricing dates for floating rates are six months or less. The reference rates used are Euribor for floating-rate borrowings in euros and USD Libor for floating-rate borrowings in US dollars.

### Available financing

At December 31, 2016, the Group has a confirmed financing facility (the 2012 syndicated loan) totaling €450 million.

### Covenants

At December 31, 2016, the same financial covenants were in force as at December 31, 2015. The Group complied with all such covenants at both end-2016 and end-2015:

- the first covenant is defined as the ratio of adjusted consolidated net financial debt divided by consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted over the preceding 12 months for any acquired entity. The ratio must be below 3.25. At December 31, 2016, it stood at 2.20;
- the second covenant represents consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted over the preceding 12 months for any acquired entity, divided by the Group's net interest expense. The ratio must be above 5.5. At December 31, 2016, it stood at 10.11.

The interest rates applicable to the Group's floating-rate bank borrowings and the margins at the end of the reporting period are detailed below:

Currency	December 2016	December 2015
US dollar (USD)	2.18%	1.68%
Euro (€)	1.10%	1.15%

Effective interest rates approximate nominal rates for all financing facilities.

Analyses of sensitivity to changes in interest and exchange rates as defined by IFRS 7 are provided in Note 34 – Additional financial instrument disclosures.

### Financial indicators not defined by IFRS

In its external reporting on borrowings and financial debt, the Group uses an indicator known as **adjusted net financial debt**. This indicator is not defined by IFRS but is determined by the Group based on the definition set out in its bank covenants:

(€ millions)	December 2016	December 2015
Non-current borrowings and financial debt	2,492.9	2,311.0
Current borrowings and financial debt	589.5	78.9
<b>BORROWINGS AND FINANCIAL DEBT, GROSS</b>	<b>3,082.4</b>	<b>2,389.9</b>
Cash and cash equivalents	(1,094.1)	(522.9)
<b>NET FINANCIAL DEBT</b>	<b>1,988.3</b>	<b>1,867.0</b>
Currency hedging instruments (as per bank covenants)	8.1	(4.3)
<b>ADJUSTED NET FINANCIAL DEBT</b>	<b>1,996.4</b>	<b>1,862.7</b>

## Note 25 Other financial liabilities

(€ millions)	December 2016	December 2015
Payable on acquisitions of companies	37.2	12.7
Put options granted to holders of non-controlling interests	33.1	35.1
Other	4.5	4.3
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>74.8</b>	<b>52.1</b>
Payable on acquisitions of companies	25.2	49.7
Put options granted to holders of non-controlling interests	8.6	5.4
Other	72.5	61.8
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>	<b>106.3</b>	<b>116.9</b>

The €72.5 million recorded in "Other" in other current financial liabilities includes:

- €36.9 million relating to a financial liability in connection with bidding operations in China. The amounts received are to be paid over to candidates at the end of the bidding process;

- €23.2 million relating to dividends payable to former shareholders of Chinese subsidiaries acquired in 2015 (€10.0 million) and 2016 (€13.2 million).

## Note 26 Pension plans and other long-term employee benefits

The Group's defined benefit plans cover the following:

- pension schemes, primarily comprising plans that have been closed to new entrants for several years. The Group's pension schemes are generally unfunded – except for a very limited number that are funded through payments to insurance companies – and are valued based on periodic actuarial calculations;
- termination benefits; and
- long-service awards.

The related obligations recorded in the statement of financial position were as follows:

<i>(€ millions)</i>	<b>December 2016</b>	December 2015
<b>Present value of defined benefit obligations</b>	<b>203.4</b>	<b>171.5</b>
Of which pension benefits	90.4	75.0
Of which termination benefits	77.0	70.3
Of which long-service awards	36.0	26.2
<b>Fair value of plan assets</b>	<b>(25.1)</b>	<b>(23.1)</b>
<b>DEFICIT/(SURPLUS)</b>	<b>178.3</b>	<b>148.4</b>

The income statement charge by type of benefit was:

<i>(€ millions)</i>	<b>2016</b>	2015
Pension benefits	(5.2)	(3.9)
Termination benefits	(12.8)	(10.5)
Long-service awards	(6.4)	(3.5)
<b>TOTAL</b>	<b>(24.4)</b>	<b>(17.8)</b>

### Pension benefits

The amounts recognized in the statement of financial position in respect of pension benefit obligations were computed as follows:

<i>(€ millions)</i>	<b>December 2016</b>	December 2015
Present value of funded obligations	32.3	29.4
Fair value of plan assets	(25.1)	(23.1)
<b>Deficit/(surplus) on funded obligations</b>	<b>7.2</b>	<b>6.3</b>
Present value of unfunded obligations	58.1	45.7
<b>LIABILITY RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>65.3</b>	<b>52.0</b>

The table below shows the amounts recognized in the income statement:

<i>(€ millions)</i>	<b>2016</b>	2015
<b>Current service cost included in operating profit</b>	<b>(3.3)</b>	<b>(2.4)</b>
Interest cost	(1.3)	(1.2)
Expected return on pension plan assets	0.3	0.2
<b>TOTAL INCLUDED IN NET FINANCIAL EXPENSE</b>	<b>(1.0)</b>	<b>(1.0)</b>

The actual return on plan assets was €1.1 million in 2016 versus €5.0 million in 2015.

Movements in the benefit obligation during the period were as follows:

(€ millions)	2016	2015
<b>At January 1</b>	<b>75.0</b>	<b>86.2</b>
Current service cost	3.3	2.4
Interest cost	1.3	1.2
Actuarial losses/(gains)	14.2	(3.2)
Currency translation differences	(2.0)	2.0
Benefits paid	(3.5)	(10.2)
Liabilities assumed in a business combination and other movements	2.1	(3.3)
<b>AT DECEMBER 31</b>	<b>90.4</b>	<b>75.0</b>

Movements in the fair value of plan assets during the period were as follows:

(€ millions)	2016	2015
<b>At January 1</b>	<b>23.0</b>	<b>29.5</b>
Implicit return on pension plan assets	0.3	0.2
Actuarial (losses)/gains	0.8	(0.4)
Currency translation differences	(1.7)	1.6
Employer contributions	1.3	(4.5)
Other movements	1.4	(3.4)
<b>AT DECEMBER 31</b>	<b>25.1</b>	<b>23.0</b>

Plan assets break down as follows by type of financial instrument:

(€ millions)	December 2016		December 2015	
Equity instruments	24.6	98%	22.4	97%
Debt instruments	0.2	1%	0.3	1%
Other	0.2	1%	0.3	1%
<b>TOTAL</b>	<b>25.1</b>	<b>100%</b>	<b>23.0</b>	<b>100%</b>

The tables below show the main actuarial assumptions used:

	Germany	France	Italy	Netherlands	United Kingdom	December 2016
Discount rate	1.9%	1.7%	1.0%	-	2.7%	2.0%
Implicit return on pension plan assets					2.7%	2.7%
Estimated increase in future salary levels	3.4%	3.0%	1.5%	-	3.4%	3.0%
Estimated increase in future pension benefit levels	1.5%	2.0%	2.6%	-	2.5%	2.1%

	Germany	France	Italy	Netherlands	United Kingdom	December 2015
Discount rate	2.5%	2.1%	1.3%	2.5%	3.8%	2.5%
Implicit return on pension plan assets					3.8%	3.8%
Estimated increase in future salary levels	1.5%	3.0%	2.0%	0.6%	3.0%	2.6%
Estimated increase in future pension benefit levels	1.5%	2.0%	3.0%	0.5%	3.0%	2.1%

Data for 2016 and 2015 represent the weighted average rate for the five countries.

Assumptions concerning future mortality rates are based on published statistics and historical data for each geographical region. INSEE 2009/2011 tables were used for benefit obligations in France.

The discount rate corresponds to the yield on investment grade corporate bonds (iBoxx Corporate € AA) and is the average of the

rates used by the five countries of the Group with the most significant obligations. At December 31, 2016, the benefit obligation relating to France, which represented the Group's most significant obligation, totaled €52.6 million (end-2015: €40.9 million). The discount rate used for France in 2016 was 1.71%. An increase of 0.5% in the discount rate would reduce the obligation for France by 7.9%. A decrease of 0.5% in the discount rate would increase the obligation for France by 8.9%.

## Termination benefits

The Group's obligations for termination benefits generally relate to lump-sum payments made to employees on retirement. However, in certain countries these obligations also include termination benefits payable to employees who are not retiring. These benefits are covered by unfunded plans.

Movements in the related benefit obligation during the period were as follows:

<i>(€ millions)</i>	<b>2016</b>	<b>2015</b>
<b>At January 1</b>	<b>70.3</b>	<b>71.0</b>
Current service cost	8.4	8.2
Interest cost	1.3	1.1
Actuarial losses/(gains)	5.6	(4.1)
Currency translation differences	0.5	1.2
Benefits paid	(8.4)	(7.0)
Liabilities assumed in a business combination and other movements	(3.8)	(1.2)
Curtailments and settlements	3.1	1.1
<b>AT DECEMBER 31</b>	<b>77.0</b>	<b>70.3</b>

The main actuarial assumptions used were as follows:

	<b>December 2016</b>	<b>December 2015</b>
Discount rate	2.0%	2.5%
Estimated increase in future salary levels	3.0%	2.6%

The discount rate corresponds to the yield on investment grade corporate bonds (iBoxx Corporate € AA) and is the average of the rates used by the five countries of the Group with the most significant obligations. At December 31, 2016, the benefit obligation relating to France, which represented the Group's most

significant obligation, totaled €57.0 million (end-2015: €50.3 million). The discount rate used for France in 2016 was 1.71%. An increase of 0.5% in the discount rate would reduce the obligation for France by 6.9%. A decrease of 0.5% in the discount rate would increase the obligation for France by 7.7%.

## Long-service awards

Movements in the Group's obligation relating to long-service awards were as follows:

(€ millions)	2016	2015
<b>At January 1</b>	<b>26.2</b>	<b>30.7</b>
Current service cost	5.2	2.4
Interest cost	0.5	0.7
Currency translation differences	1.7	0.4
Benefits paid	(3.1)	(3.2)
Other movements	5.5	(4.8)
<b>AT DECEMBER 31</b>	<b>36.0</b>	<b>26.2</b>

The discount rate corresponds to the yield on investment grade corporate bonds and is the average of the rates used by the five countries of the Group with the most significant obligations. At December 31, 2016, the benefit obligation relating to France, which represented the Group's most significant obligation, totaled

€22.1 million (end-2015: €18.7 million). The discount rate used for France in 2016 was 1.31%. An increase of 0.5% in the discount rate would reduce the obligation for France by 5.7%. A decrease of 0.5% in the discount rate would increase the obligation for France by 6.2%.

## Actuarial gains and losses

(€ millions)	December 2016	December 2015
<b>Cumulative actuarial (gains)/losses recognized in equity at January 1</b>	<b>48.4</b>	<b>55.4</b>
<b>Actuarial (gains)/losses recognized in equity during the year</b>	<b>19.1</b>	<b>(7.0)</b>
Experience adjustments	5.3	(1.4)
Changes in actuarial assumptions	12.9	(5.7)
Changes in return on pension plan assets	0.9	0.1
<b>CUMULATIVE ACTUARIAL (GAINS)/LOSSES RECOGNIZED IN EQUITY AT DECEMBER 31</b>	<b>67.5</b>	<b>48.4</b>

## Defined contribution plans

Payments made under defined contribution plans in 2016 totaled €77.5 million (2015: €75.5 million).

## Note 27 Provisions for liabilities and charges

(€ millions)	December 2015	Additions	Utilized provisions reversed	Surplus provisions reversed	Impact of discounting	Changes in scope of consolidation	Currency translation differences and other movements	December 2016
Provisions for contract-related disputes	57.5	10.2	(8.6)	(2.4)	0.3	-	0.8	57.8
Other provisions for liabilities and charges	76.2	22.3	(41.5)	(1.4)	-	6.8	1.4	63.8
<b>TOTAL</b>	<b>133.7</b>	<b>32.5</b>	<b>(50.1)</b>	<b>(3.8)</b>	<b>0.3</b>	<b>6.8</b>	<b>2.2</b>	<b>121.6</b>

(€ millions)	December 2014	Additions	Utilized provisions reversed	Surplus provisions reversed	Impact of discounting	Changes in scope of consolidation	Currency translation differences and other movements	December 2015
Provisions for contract-related disputes	51.5	11.1	(1.8)	(3.3)	-	-	-	57.5
Other provisions for liabilities and charges	63.6	29.7	(20.1)	(5.4)	-	-	8.4	76.2
<b>TOTAL</b>	<b>115.1</b>	<b>40.8</b>	<b>(21.9)</b>	<b>(8.7)</b>	<b>-</b>	<b>-</b>	<b>8.4</b>	<b>133.7</b>

### Provisions for contract-related disputes

In the ordinary course of business, the Group is involved with regard to some of its activities in a number of litigation proceedings seeking to establish its professional liability in connection with services provided. Although the Group takes care to manage risks and the quality of the services it provides, some services may give rise to claims and result in financial penalties.

Changes in provisions for contract-related disputes result from changes in estimates and reflect developments in litigation proceedings during the period and newly identified risks which, in view of the Group's insurance coverage, are not material taken individually. Provisions may be set aside to cover the expenses resulting from such proceedings and are calculated taking into account the Group's insurance policies.

In 2016, the Group decided to recognize a provision for some of these risks in an amount of €10.2 million (2015: €11.1 million) in light of the progress of certain claims.

The calculation of provisions for liabilities and charges at December 31, 2016 reflects changes in the one-off dispute arising in 2004 in relation to the construction of a hotel and shopping complex in Turkey. The amount booked for the dispute arising in 2004 concerning the Gabon Express airplane crash remained unchanged during the year. A detailed description of the status of these disputes is provided in section 1.12 – Legal, administrative, government and arbitration procedures and investigations in the 2016 Registration document.

For risks relating to the Government Services business described in Chapter 1.11.1 – Risks relating to the Group's operations and activities, the Group, after taking advice from its counsel, considers that the provisions accrued in respect of the disputes in progress are adequate.

Based on the insurance coverage in place and the latest available information, and having received advice from counsel, the Group does not believe these disputes will have a material adverse impact on its consolidated financial statements.

### Other provisions for liabilities and charges

Other provisions for liabilities and charges include provisions for restructuring, tax risks, losses on completion and miscellaneous other provisions, the amounts of which are not material taken individually.

The Group set aside an additional amount of €22.3 million under other provisions for liabilities and charges and wrote back provisions in an amount of €42.9 million, representing a net decrease of €20.6 million in this item. Provisions relating to restructuring increased by €8.6 million over the period, while provisions for tax risks decreased by €22.2 million. The remaining changes over the period include provisions booked for losses on contracts and provisions relating to other operational risks.

Regarding ongoing tax disputes at the level of Bureau Veritas SA and at the level of the other legal entities, the Group, having taken advice from its counsel, deems that the provisions for other liabilities presented in its financial statements reflect the best assessment of the potential consequences of these disputes.

There are no legal, administrative, government and arbitration procedures and investigations (including any proceedings of which the Company is aware that are pending or with which the Group is threatened) that could have, or have had over the last 12 months, a material impact on the Group's financial position or profitability.

## Note 28 Trade and other payables

(€ millions)	December 2016	December 2015
Trade payables	347.9	302.5
Prepaid income	127.8	128.2
Accrued taxes and payroll costs	501.2	479.1
Other payables	64.6	53.0
<b>TOTAL</b>	<b>1,041.5</b>	<b>962.8</b>

Prepaid income primarily corresponds to amounts invoiced on contracts in progress for services that have not yet been performed.

## Note 29 Movements in working capital attributable to operations

This caption totaled a negative €37.2 million in 2016 and a positive €48.5 million in 2015, and can be analyzed as follows:

(€ millions)	December 2016	December 2015
Trade receivables	(34.9)	34.4
Trade payables	(3.4)	(24.9)
Other receivables and payables	1.1	39.0
<b>MOVEMENTS IN WORKING CAPITAL ATTRIBUTABLE TO OPERATIONS</b>	<b>(37.2)</b>	<b>48.5</b>

## Note 30 Non-current assets and liabilities held for sale

At December 31, 2016, the Group did not identify any assets or liabilities held for sale within the next 12 months.

(€ millions)	December 2016	December 2015
<b>Assets held for sale</b>		
Property, plant and equipment	-	4.5
Trade and other receivables	-	0.5
Cash and cash equivalents	-	1.6
<b>TOTAL</b>	<b>-</b>	<b>6.6</b>
<b>Liabilities held for sale</b>		
Non-current financial liabilities	-	1.4
Trade and other payables	-	0.4
<b>TOTAL</b>	<b>-</b>	<b>1.8</b>

Certain assets arising from acquisitions carried out in China were classified as held for sale in 2015 but were not sold in 2016. These relate to shares in a school and in real estate companies.

The entire proceeds from the sale of these assets will be used to pay dividends to the former owners. Any sales carried out at less

than the carrying amount will reduce the dividend accordingly. As a result, there is no financial risk relating to these assets.

At December 31, 2016, these assets are shown in "Other current financial assets" in the statement of financial position for €4.2 million, which represents their carrying amount.

## Note 31 Earnings per share

Details of the calculation of the weighted average number of ordinary and diluted shares outstanding used to compute basic and diluted earnings per share are provided below:

<i>(in thousands)</i>	<b>2016</b>	<b>2015</b>
<b>Number of shares constituting the share capital at January 1</b>	<b>442,000</b>	<b>443,033</b>
<b>Number of shares issued during the year (accrual basis)</b>		
Performance shares awarded	-	-
Stock purchase or subscription options exercised	188	540
Number of treasury shares	(5,040)	(5,796)
<b>Weighted average number of ordinary shares outstanding</b>	<b>437,148</b>	<b>437,776</b>
<b>Dilutive impact</b>		
Performance shares awarded	2,867	5,033
Stock subscription or purchase options	129	409
<b>WEIGHTED AVERAGE NUMBER OF SHARES USED TO CALCULATE DILUTED EARNINGS PER SHARE</b>	<b>440,144</b>	<b>443,218</b>

### Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	<b>2016</b>	<b>2015</b>
Net profit attributable to owners of the Company ( <i>€ thousands</i> )	319,445	255,283
Weighted average number of ordinary shares outstanding ( <i>in thousands</i> )	437,148	437,776
<b>BASIC EARNINGS PER SHARE (€)</b>	<b>0.73</b>	<b>0.58</b>

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares: stock subscription options and performance shares.

For stock subscription options, a calculation is carried out in order to determine the number of shares that could have been issued

based on the exercise price and the fair value of the subscription rights attached to the outstanding stock options. The number of shares calculated as above is then compared with the number of shares that would have been issued had the stock options been exercised.

Performance shares are potential ordinary shares whose award is contingent on having completed a minimum period of service and achieving a series of performance targets. The performance shares taken into account are those that could have been issued assuming December 31 was the end of the vesting period.

	<b>2016</b>	<b>2015</b>
Net profit attributable to owners of the Company ( <i>€ thousands</i> )	319,445	255,283
Weighted average number of ordinary shares outstanding ( <i>in thousands</i> )	440,144	443,218
<b>DILUTED EARNINGS PER SHARE (€)</b>	<b>0.73</b>	<b>0.58</b>

## Note 32 Dividend per share

On May 23, 2016, the Company paid out dividends to eligible shareholders in respect of 2015. The dividend payout totaled €222.8 million, corresponding to a dividend per share of €0.51 (2015: €0.48).

## Note 33 Off-balance sheet commitments and pledges

The Group's commitments primarily relate to financing activities (credit lines, warranties and guarantees given), as well as obligations under operating leases.

### Off-balance sheet commitments relating to financing activities

#### Confirmed, undrawn credit lines

At December 31, 2016, the Group has an undrawn syndicated borrowing facility (the 2012 syndicated loan) totaling €450 million.

#### Guarantees given

Guarantees given break down as follows by amount and maturity:

(€ millions)	Total	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
<b>At December 31, 2016</b>	<b>421.2</b>	<b>231.2</b>	<b>165.8</b>	<b>24.2</b>
At December 31, 2015	381.1	215.9	140.9	24.3

Guarantees given include bank guarantees and parent company guarantees.

- **bank guarantees:** these are primarily bid and performance bonds:
  - bid bonds cover their beneficiaries in the event that a commercial offering is withdrawn, a contract is not signed, or requested guarantees are not provided,
  - performance bonds guarantee the buyer that the Group will meet its contractual obligations as provided under contract.

### Credit lines carried in the books of Bureau Veritas Holding Inc.

The Group has a USD 200 million bank financing facility that is carried on the books of Bureau Veritas Holding Inc. and secured by the parent company, Bureau Veritas. This facility has been drawn down in full by the Company.

They usually represent a percentage of the contract price – generally around 10%;

- **parent company guarantees:** these concern performance bonds which may be for a limited amount and duration or an unlimited amount. The amount taken into account to measure performance bonds for an unlimited amount is the total value of the contract.

At December 31, 2016 and 2015, the Group considered that the risk of a cash outflow on these guarantees was low.

### Off-balance sheet commitments relating to operating activities

#### Operating leases: commitments and recognized lease charges

The Group leases offices, laboratories and equipment under both non-cancelable and cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Recognized lease charges can be analyzed as follows:

(€ millions)	2016	2015
<b>Operating lease charges</b>	<b>144.2</b>	<b>142.2</b>
Of which property leases	132.2	130.0
Of which equipment leases	12.0	12.2

Future aggregate minimum lease payments under non-cancelable operating leases relating to property (excluding rental service charges) can be analyzed as follows:

(€ millions)	December 2016	December 2015
<b>Future minimum lease payments</b>	<b>330.3</b>	<b>395.3</b>
Due within 1 year	115.5	106.5
Due between 1 and 5 years	165.4	198.3
Due beyond 5 years	49.4	90.5

### Transition to IFRS 16

The Group is currently analyzing the impact of IFRS 16 on its recognition principles.

Future lease charges recognized to date in accordance with IAS 17 relate solely to non-cancellable real estate leases.

However, the Group's strategy is to introduce a certain degree of flexibility into its lease portfolio by using renewal options which it may choose to exercise at its discretion. Some such leases could be considered as being almost certain and therefore accounted for as non-cancellable leases within the meaning of IFRS 16.

### Pledges

(€ millions)	Type	Amount of assets pledged <sup>(a)</sup>	Total amount in statement of financial position <sup>(b)</sup>	Corresponding % <sup>(a)/(b)</sup>
<b>At December 31, 2016</b>				
Other non-current financial assets	Pledge	4.4	69.2	6.4%
<b>TOTAL ASSETS PLEDGED</b>		<b>4.4</b>	<b>6,115.6</b>	<b>0.1%</b>
<b>At December 31, 2015</b>				
Other non-current financial assets	Pledge	5.4	71.0	7.6%
<b>TOTAL ASSETS PLEDGED</b>		<b>5.4</b>	<b>5,157.2</b>	<b>0.1%</b>

Non-current financial assets had been pledged by the Group in a total carrying amount of €4.4 million at December 31, 2016.

None of the Group's intangible assets or property, plant and equipment had been pledged at either December 31, 2016 or December 31, 2015.

## Note 34 Additional financial instrument disclosures

The table below presents the carrying amount, valuation method and fair value of financial instruments classified in each IAS 39 category at the end of each reporting period:

	IAS 39 category	Carrying amount	IAS 39 measurement method				Fair value
			Amortized cost	Cost	Fair value through equity	Fair value through profit or loss	
<b>At December 31, 2016</b>							
<b>Financial assets</b>							
Investments in non-consolidated companies	FVPL	1.3	-	-	-	1.3	1.3
Other non-current financial assets	HTM	69.2	69.2	-	-	-	69.2
Trade and other receivables	LR	1,439.3	1,439.3	-	-	-	1,439.3
Current financial assets	LR	51.0	51.0	-	-	-	51.0
Derivative financial instruments	FVPL/FVE	3.7	-	-	-	3.7	3.7
Cash and cash equivalents	FVPL	1,094.1	-	-	-	1,094.1	1,094.1
<b>Financial liabilities</b>							
Bank borrowings and debt	AC	3,076.4	3,076.4	-	-	-	3,278.4
Bank overdrafts	FVPL	6.0	-	-	-	6.0	6.0
Other non-current financial liabilities	AC/FVE	74.8	66.2	-	8.6	-	74.8
Trade and other payables	AC	1,041.5	1,041.5	-	-	-	1,041.5
Current financial liabilities	AC/FVE	106.3	73.2	-	33.1	-	106.3
Derivative financial instruments	FVPL/FVE	16.1	-	-	8.1	8.0	16.1
<b>At December 31, 2015</b>							
<b>Financial assets</b>							
Investments in non-consolidated companies	FVPL	1.3	-	-	-	1.3	1.3
Other non-current financial assets	HTM	71.0	71.0	-	-	-	71.0
Trade and other receivables	LR	1,316.6	1,316.6	-	-	-	1,316.6
Current financial assets	LR	43.0	43.0	-	-	-	43.0
Current financial assets	FVPL	2.3	-	-	-	2.3	2.3
Derivative financial instruments	FVPL/FVE	20.7	-	-	4.3	16.4	20.7
Cash and cash equivalents	FVPL	522.8	-	-	-	522.8	522.8
<b>Financial liabilities</b>							
Bank borrowings and debt	AC	2,377.8	2,377.8	-	-	-	2,528.0
Bank overdrafts	FVPL	12.1	-	-	-	12.1	12.1
Other non-current financial liabilities	AC/FVE	52.1	14.1	-	38.0	-	52.1
Trade and other payables	AC	962.8	962.8	-	-	-	962.8
Current financial liabilities	AC/FVE	116.9	111.5	-	5.4	-	116.9
Derivative financial instruments	FVPL/FVE	1.8	-	-	-	1.8	1.8

NB: The following abbreviations are used to represent IAS 39 financial instrument categories:

- HTM for held-to-maturity assets;
- LR for loans and receivables;
- FVPL for instruments at fair value through profit or loss (excluding accrued interest not yet due);
- FVE for instruments at fair value through equity (excluding accrued interest not yet due);
- AC for financial debt measured at amortized cost.

With the exception of the items listed below, the Group considers the carrying amount of the financial instruments reported on the statement of financial position to approximate their fair value.

The fair value of current financial instruments such as SICAV mutual funds is their last known net asset value (level 1 in the fair value hierarchy).

The fair value of cash, cash equivalents and bank overdrafts is their face value in euros or equivalent value in euros translated at the closing exchange rate. Since these assets and liabilities are very short-term items, the Group considers that their fair value approximates their carrying amount.

The fair value of each of the Group's fixed-rate facilities (USPP 2008, USPP 2010, USPP 2011, USPP 2014, SSD and the four bond issues) is determined based on the present value of future cash flows discounted at the appropriate market rate for the currency concerned (euros, pounds sterling or US dollars) at the end of the reporting period, adjusted to reflect the Group's own credit risk. The fair value of the Group's floating-rate facilities (2012 syndicated loan, USPP 2013, USPP 2014, and certain tranches of the SSD facility and the 2015 bank facility) is close to

their carrying amount. This corresponds to level 2 in the fair value hierarchy (fair value based on observable market inputs).

The fair value of exchange derivatives is equal to the difference between the present value of the amount sold or purchased in a given currency (translated into euros at the futures rate) and the amount sold or purchased in this same currency (translated into euros at the closing rate).

The fair value of currency derivatives is determined by discounting the present value of future cash flows (interest receivable in pounds sterling and payable in euros, along with the future purchase of pounds sterling against euros) over the remaining term of the instrument at the end of the reporting period. The discount rates used are the market rates that correspond to the maturity of the cash flows. The present value of the cash flows denominated in pounds sterling is translated into euros at the closing exchange rate.

The fair value of exchange derivatives and other currency instruments is calculated using valuation techniques drawing on observable market inputs (level 2 of the fair value hierarchy) and generally accepted pricing models.

The nature of the gains and losses arising on each financial instrument category can be analyzed as follows:

(€ millions)		Interest	Fair value	Adjustments for			Net gains/ (losses) in 2016	Net gains/(losses) in 2015
				Amortized cost	Exchange differences	Accumulated impairment		
Held-to-maturity assets	HTM	-	-	-	-	-	-	-
Loans and receivables	LR	-	-	-	0.6	(5.7)	(5.1)	(5.4)
Financial assets and liabilities at fair value through profit or loss	FVPL	2.9	-	-	(2.8)	-	(2.8)	7.9
Borrowings and financial debt carried at amortized cost	AC	(92.8)	-	-	11.0	-	11.0	(5.9)
<b>TOTAL</b>		<b>(89.9)</b>	<b>-</b>	<b>-</b>	<b>8.8</b>	<b>(5.7)</b>	<b>3.1</b>	<b>(3.4)</b>

## Sensitivity analysis

Due to the international scope of its operations, the Group is exposed to currency risk on its use of several different currencies, even though hedges arise naturally with the matching of income and expenses in a number of Group entities where services are provided locally.

### Operational currency risk

For the Group's businesses present in local markets, income and expenses are mainly expressed in local currencies. For the Group's businesses relating to international markets, part of the revenue is denominated in US dollars.

The proportion of 2016 consolidated dollar-denominated revenue generated in countries with functional currencies other than the US dollar or currencies linked to the US dollar, totaled 10%.

The impact of a 1% rise or fall in the US dollar against all other currencies would have had an impact of 0.1% on consolidated Group revenue.

### Translation risk

Since the presentation currency of the financial statements is the euro, the Group translates any foreign currency income and expenses into euros when preparing its financial statements, using the average exchange rate for the period. As a result, changes in the value of the euro against other currencies affect the amounts

reported in the consolidated financial statements, even though the value of the items concerned remains unchanged in their original currencies.

In 2016, over 70% of Group revenue resulted from the consolidation of financial statements of entities with functional currencies other than the euro:

- 19.0% of revenue was generated by entities whose functional currency is the US dollar or a currency linked to the US dollar (including the Hong Kong dollar);
- 10.1% of revenue was generated by entities whose functional currency is the Chinese yuan;
- 4.2% of revenue was generated by entities whose functional currency is the Canadian dollar;
- 3.9% of revenue was generated by entities whose functional currency is the pound sterling;
- 3.7% of revenue was generated by entities whose functional currency is the Australian dollar;
- 3.2% of revenue was generated by entities whose functional currency is the Brazilian real.

Other currencies taken individually did not account for more than 4% of Group revenue.

The impact of a 1% rise or fall in the euro against the US dollar and other linked currencies would have had an impact of 0.19% on 2016 consolidated revenue and of 0.18% on 2016 operating profit.

## Financial currency risk

If it deems appropriate, the Group may hedge certain commitments by matching financing costs with operating income in the currencies concerned.

When financing arrangements are set up in a currency other than the country's functional currency, the Group takes out foreign

exchange or currency hedges for the main currencies or uses perpetuity financing to protect itself against the impact of currency risk on its income statement.

The table below shows the results of the sensitivity analysis for financial instruments exposed to currency risk on the Group's main foreign currencies (euro, US dollar and pound sterling) at December 31, 2016:

(€ millions)	Non-functional currency		
	USD	EUR	GBP
Financial liabilities	(1,053.4)	(77.9)	(144.2)
Financial assets	896.9	71.6	102.9
<b>Net position (assets – liabilities) before hedging</b>	<b>(156.5)</b>	<b>(6.3)</b>	<b>(41.3)</b>
Currency hedging instruments	401.3		35.9
<b>Net position (assets – liabilities) after hedging</b>	<b>244.8</b>	<b>(6.3)</b>	<b>(5.4)</b>
<b>Impact of a 1% rise in exchange rates</b>			
On equity	-	-	-
On net profit before income tax	2.4	(0.1)	(0.1)
<b>Impact of a 1% fall in exchange rates</b>			
On equity	-	-	(0.9)
On net profit before income tax	(2.4)	0.1	0.1

The Group is exposed to currency risk inherent to financial instruments denominated in foreign currencies (i.e., currencies other than the functional currency of each Group entity). The sensitivity analysis presented above shows the impact that a significant change in the value of the euro, US dollar and pound sterling would have on earnings and equity in a non-functional currency. The analysis for the US dollar does not include entities whose functional currency is strongly correlated to the US dollar, for example Group entities based in Hong Kong. Liabilities denominated in a currency other than the functional currency of the entity, for which a hedge has been taken out converting the liability to the functional currency, have not been included in the analysis. The impact of a 1% change in exchange rates on hedges is shown in the table above.

Financial instruments denominated in foreign currencies which are included in the sensitivity analysis relate to key monetary statement of financial position items and in particular, current and non-current financial assets, trade and operating receivables, cash and cash equivalents, current and non-current borrowings and financial debt, current liabilities, and trade and other payables.

## Interest rate risk

The Group's interest rate risk arises primarily from assets and liabilities bearing interest at floating rates. The Group seeks to limit its exposure to a rise in interest rates and may use interest rate instruments where appropriate.

Interest rate exposure is monitored on a monthly basis. The Group continually analyses the level of hedges put in place and ensures that they are appropriate for the underlying exposure. The Group's policy at all times is to prevent more than 60% of its consolidated net debt being exposed to the risk of a rise in interest rates. The Group may therefore enter into other swaps, collars or similar instruments for this purpose. No financial instruments are contracted for speculative purposes. At December 31, 2016, the Group had no interest rate hedges.

The table below shows the maturity of fixed- and floating-rate financial assets and liabilities at December 31, 2016:

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total December 31, 2016
Fixed-rate bank borrowings and debt	(524.5)	(1,202.9)	(791.0)	(2,518.4)
Floating-rate bank borrowings and debt	(59.0)	(324.4)	(174.6)	(558.0)
Bank overdrafts	(6.0)			(6.0)
<b>Total – Financial liabilities</b>	<b>(589.5)</b>	<b>(1,527.3)</b>	<b>(965.6)</b>	<b>(3,082.4)</b>
<b>Total – Financial assets</b>	<b>1,094.1</b>			<b>-</b>
Floating-rate net position (assets – liabilities) before hedging	1,029.1	(324.4)	(174.6)	530.1
Interest rate hedges	-	-	-	-
Floating-rate net position (assets – liabilities) after hedging	1,029.1	(324.4)	(174.6)	530.1
<b>Impact of a 1% rise in interest rates</b>				
On equity				-
On net profit before income tax				5.3
<b>Impact of a 1% fall in interest rates</b>				
On equity				-
On net profit before income tax				(5.3)

At December 31, 2016, given the net floating-rate position after hedging, the Group considers that a 1% rise in short-term interest rates across all currencies would lead to an increase of around €5.3 million in interest income.

Debt maturing after five years, representing a total amount of €965.6 million, is essentially at fixed rates. At December 31, 2016, 82% of the Group's consolidated gross debt was at fixed rates.

## Note 35 Related-party transactions

Parties related to the Company are its majority shareholder Wendel as well as the Chairman of the Board of Directors and the Chief Executive Officer (Corporate Officers of the Company).

The Chairman of the Board of Directors decided to waive all compensation for his position as Chairman besides his Directors'

fees. The amount paid in 2016 is set out in section 3.3 – Executive compensation of the 2016 Registration document.

Amounts recognized with respect to compensation paid (fixed and variable portions) and long-term compensation plans (stock purchase options and performance share awards) are as follows:

(€ millions)	2016	2015
Wages and salaries	1.7	1.5
Stock options	0.5	0.4
Performance shares awarded	2.0	1.8
<b>TOTAL EXPENSE RECOGNIZED FOR THE YEAR</b>	<b>4.2</b>	<b>3.7</b>

The amounts in the above table reflect the fair value for accounting purposes of options and shares in accordance with IFRS. Consequently, they do not represent the actual amounts that may be paid if any stock subscription options are exercised or any performance shares vest. Stock options and performance shares require a minimum period of service and are also subject to a number of performance conditions.

Shares are measured at fair value as calculated under the Black-Scholes model rather than based on the compensation effectively received. The performance share awards require a

minimum period of service and are also subject to a number of performance conditions.

The Chief Executive Officer held a total of 630,720 stock purchase options at December 31, 2016 (635,760 at December 31, 2015), with a fair value per share of €2.41 (end-2015: €2.50).

The number of performance shares awarded to the Chief Executive Officer amounted to 930,240 at December 31, 2016 (989,920 at December 31, 2015).

## Note 36 Fees paid to Statutory Auditors

The following amounts were expensed in the Group's 2016 income statement:

(€ millions)	2016			2015		
	PwC	EY <sup>(a)</sup>	Total	PwC	BM&A <sup>(a)</sup>	Total
<b>Statutory audit</b>	<b>2.3</b>	<b>1.5</b>	<b>3.8</b>	<b>3.6</b>	<b>0.9</b>	<b>4.5</b>
Issuer	0.5	0.5	1.0	0.8	0.4	1.2
Fully consolidated subsidiaries	1.8	1.0	2.8	2.8	0.5	3.3
<b>Other services directly related to the statutory audit engagement<sup>(b)</sup></b>	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>	<b>0.6</b>	-	<b>0.6</b>
Issuer	0.3	0.1	0.4	0.2	-	0.2
Fully consolidated subsidiaries	0.7	0.0	0.7	0.4	-	0.4
<b>Other services provided by members of the auditors' networks to consolidated subsidiaries<sup>(b)</sup></b>	<b>0.5</b>	<b>0.5</b>	<b>1.0</b>	<b>0.3</b>	-	<b>0.3</b>
Tax, legal and employee-related services	0.5	0.5	1.0	0.3	-	0.3
<b>TOTAL</b>	<b>3.8</b>	<b>2.1</b>	<b>5.9</b>	<b>4.5</b>	<b>0.9</b>	<b>5.4</b>

(a) Pursuant to a decision of the Ordinary and Extraordinary Shareholders' Meeting of May 17, 2016, Ernst & Young Audit were appointed principal Statutory Auditors, taking over from BM&A.

(b) As part of the European audit reform which entered into force on June 17, 2016, services provided by the Statutory Auditors and their networks – other than the audit of the financial statements – have respected the pre-approval procedure implemented by the Group Audit and Risk Committee.

## Note 37 Events after the reporting period

### Acquisitions

On January 18, 2017, the Group announced that it had acquired SIEMIC Inc., a US-based testing and certification body for electrical and electronic equipment. The company has around 100 employees and reported revenue of almost €10 million in 2016.

On February 21, 2017, Bureau Veritas acquired Shanghai Project Management (SPM), a Chinese company specialized in supervising the construction of complex infrastructures (high rise buildings, airports, public transportation, etc.). It has about 2,000 employees and its 2016 revenue was around €50 million.

On March 2nd, 2017, the Group announced the acquisition of Schutter Groep B.V., a leading company in testing, inspection, certification and logistical assistance for the global certification and logistical assistance for the global agri-commodities markets. This company has around 600 employees and had reported a revenue of around EUR 35 million in 2016.

### Dividends paid

The resolutions to be submitted for approval at the Ordinary Shareholders' Meeting of May 16, 2017 recommend a dividend of €0.55 per share in respect of 2016.

**Note 38** Scope of consolidation**Fully consolidated companies at December 31, 2016**

Type: Subsidiary (S); Bureau Veritas SA branch (B).

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Algeria	BV Algeria	S	100.00	100.00	100.00	100.00
Angola	BV Angola	S	100.00	100.00	100.00	100.00
Argentina	BV Argentina	S	100.00	100.00	100.00	100.00
Argentina	Acme Analytical Lab. (Argentina) SA	S	100.00	100.00	100.00	100.00
Argentina	NCC International	S	100.00	100.00	100.00	100.00
Argentina	CH International Argentina SRL	S	100.00	100.00	100.00	100.00
Armenia	BIVAC Armenia	S	100.00	100.00	100.00	100.00
Australia	BV Australia Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	Bureau Veritas HSE	S	100.00	100.00	100.00	100.00
Australia	BV Asset Integrity & Reliability Services Australia Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	BV Asset Integrity & Reliability Services Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	Bureau Veritas International Trade Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	Bureau Veritas Minerals Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	Ultra Trace Pty Ltd.	S	100.00	100.00	100.00	100.00
Australia	Matthews Daniel Int. (Australia) Pty	S	100.00	100.00	100.00	100.00
Australia	TMC Marine Pty Ltd.	S	100.00	100.00		
Australia	Bureau Veritas ASureQuality Finance PTY Ltd.	S	51.00	51.00		
Australia	Bureau Veritas ASureQuality Holding PTY Ltd.	S	51.00	51.00		
Australia	Dairy Technical Services Pty Ltd.	S	51.00	51.00		
Austria	Bureau Veritas Certification Austria	S	100.00	100.00	100.00	100.00
Azerbaijan	BV Azeri	S	100.00	100.00	100.00	100.00
Azerbaijan	Inspectorate International Azeri LLC	S	100.00	100.00	100.00	100.00
Bahamas	Inspectorate Bahamas Ltd.	S	100.00	100.00	100.00	100.00
Bahrain	BV SA – Bahrain	B	100.00	100.00	100.00	100.00
Bangladesh	BIVAC Bangladesh	S	100.00	100.00	100.00	100.00
Bangladesh	BVCPS Bangladesh	S	100.00	100.00	100.00	100.00
Bangladesh	BV Bangladesh Private Ltd.	S	100.00	100.00	100.00	100.00
Bangladesh	BV CPS Chittagong Ltd.	S	99.80	99.80	99.80	99.80
Belarus	BV Belarus Ltd.	S	100.00	100.00	100.00	100.00
Belgium	BV Certification Belgium	S	100.00	100.00	100.00	100.00
Belgium	AIBV	S	100.00	100.00	100.00	100.00
Belgium	BV Marine Belgium & Luxembourg	S	100.00	100.00	100.00	100.00
Belgium	Inspectorate Ghent NV	S	100.00	100.00	100.00	100.00
Belgium	Inspectorate Antwerp NV	S	100.00	100.00	100.00	100.00
Belgium	Unicar Benelux SPRL	S	100.00	100.00	100.00	100.00
Belgium	Euroclass NV	S	100.00	100.00	100.00	100.00
Belgium	BV SA – Belgium	B	100.00	100.00	100.00	100.00
Benin	BIVAC Benin	S	100.00	100.00	100.00	100.00
Benin	BV Benin	S	100.00	100.00	100.00	100.00
Benin	Société d'exploitation du guichet unique du Bénin (SEGUB)	S	51.00	46.00	51.00	46.00
Bermuda	Matthews Daniel Services (Bermuda) Ltd.	S	100.00	100.00	100.00	100.00
Bermuda	Matthews Daniel Holdings (Bermuda) Ltd.	S	100.00	100.00	100.00	100.00
Bolivia	BV Fiscalizadora Boliviana SRL	S	100.00	100.00	100.00	100.00
Bolivia	BV Argentina SA Bolivia branch	S	100.00	100.00	100.00	100.00
Bosnia	BV Sarajevo	S	100.00	100.00	100.00	100.00
Brazil	Bureau Veritas do Brasil	S	100.00	100.00	100.00	100.00
Brazil	BVQI do Brasil Sociedade Certificadora Ltda	S	100.00	100.00	100.00	100.00
Brazil	Auto Reg Serviços Técnicos de Seguros Ltda	S	100.00	100.00	100.00	100.00
Brazil	Auto Vis Serviços Técnicos de avaliações	S	100.00	100.00	100.00	100.00
Brazil	Inspectorate do Brasil Inspeções Ltda	S	100.00	100.00	100.00	100.00
Brazil	Sistema PRI Engenharia Ltda	S	100.00	100.00	100.00	100.00
Brazil	ACME Analítica Laboratorios Ltda	S	100.00	100.00	100.00	100.00
Brazil	Matthews Daniel do Brasil Avaliação de Riscos Ltda	S	100.00	100.00	100.00	100.00
Brazil	NCC Certificações do Brasil Ltda	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Brazil	Ch Internacional do Brazil Ltda	S	100.00	100.00	100.00	100.00
Brazil	Associação NCC Certificações do Brasil	S	100.00	100.00	100.00	100.00
Brazil	Kuhlmann Monitoramento Agricola Ltda	S	100.00	100.00		
Brunei	BV SA – Brunei	B	100.00	100.00	100.00	100.00
Bulgaria	BV Varna	S	100.00	100.00	100.00	100.00
Bulgaria	Inspectorate Bulgaria EOOD	S	100.00	100.00	100.00	100.00
Burkina Faso	Bureau Veritas Burkina SAU	S	100.00	100.00	100.00	100.00
Burma	Myanmar BV Ltd.	S	100.00	100.00	100.00	100.00
Cambodia	Bureau Veritas (Cambodia) Ltd.	S	100.00	100.00	100.00	100.00
Cameroon	BV Douala	S	100.00	100.00	100.00	100.00
Canada	BV Canada	S	100.00	100.00	100.00	100.00
Canada	BV Certification Canada	S	100.00	100.00	100.00	100.00
Canada	Maxxam Analytics International Corp.	S	100.00	100.00	100.00	100.00
Canada	BV Commodities Canada Ltd.	S	100.00	100.00	100.00	100.00
Canada	MatthewsDaniel Int. (Canada) Ltd.	S	100.00	100.00	100.00	100.00
Canada	MatthewsDaniel Int. (Newfoundland) Ltd.	S	100.00	100.00	100.00	100.00
Central African Republic	BIVAC RCA	S	100.00	100.00	100.00	100.00
Chad	BV Chad	S	100.00	100.00	100.00	100.00
Chad	BIVAC Chad	S	100.00	100.00	100.00	100.00
Chad	Société d'Inspection et d'Analyse du Tchad (SIAT)	S	51.00	51.00	51.00	51.00
Chile	BV Chile	S	100.00	100.00	100.00	100.00
Chile	BVQI Chile	S	100.00	100.00	100.00	100.00
Chile	BV Chile Capacitacion Ltda	S	100.00	100.00	100.00	100.00
Chile	ECA Control y Asesoramiento	S	100.00	100.00	100.00	100.00
Chile	Cesmec Chile	S	100.00	100.00	100.00	100.00
Chile	Geoanalitica	S	100.00	100.00	100.00	100.00
Chile	Servicios de Inspección Inspectorate Chile Ltda	S	100.00	100.00	100.00	100.00
Chile	Acme Analytical Laboratories SA	S	100.00	100.00	100.00	100.00
China	Bureau Veritas Hong Kong	S	100.00	100.00	100.00	100.00
China	Bureau Veritas Investment (Shanghai) Co Ltd.	S	100.00	100.00	100.00	100.00
China	BVCPS Shanghai	S	85.00	85.00	85.00	85.00
China	LCIE China	S	100.00	100.00	100.00	100.00
China	BV Certification Hong Kong	S	100.00	100.00	100.00	100.00
China	Bureau Veritas Certification Beijing Co. Ltd.	S	100.00	100.00	100.00	100.00
China	Bureau Veritas BIVAC Asian Cre (Shanghai) Inspection Co., Ltd.	S	100.00	100.00	100.00	100.00
China	BV HK Ltd. Branch Marine	S	100.00	100.00	100.00	100.00
China	BVCPS HK (Taiwan branch)	S	100.00	100.00	100.00	100.00
China	Tecnitas Far East	S	100.00	100.00	100.00	100.00
China	BVCPS Guangzhou Co. Ltd.	S	100.00	100.00	100.00	100.00
China	Bureau Veritas (Tianjin) Safety Technology Co Ltd.	S	100.00	100.00	100.00	100.00
China	BV Shenzen Co Ltd.	S	80.00	80.00	80.00	80.00
China	NDT Technology Holding Co Ltd.	S	100.00	100.00	100.00	100.00
China	BV-Fairweather Inspection & Consultants Co Ltd.	S	100.00	100.00	100.00	100.00
China	Bureau Veritas Marine China Co. Ltd.	S	100.00	100.00	100.00	100.00
China	ADT Shanghai Corporation	S	100.00	100.00	100.00	100.00
China	BV Quality Services Shanghai	S	100.00	100.00	100.00	100.00
China	Inspectorate (Shanghai) Ltd.	S	85.00	85.00	85.00	85.00
China	BV 7Layers Communications Technology (Shenzen) Co Ltd.	S	100.00	100.00	100.00	100.00
China	BVCPS HK, Hsinchu Branch	S	100.00	100.00	100.00	100.00
China	MatthewsDaniel International (Hong Kong) Ltd.	S	100.00	100.00	100.00	100.00
China	BVCPS Jiangsu Co	S	60.00	51.00	60.00	51.00
China	Beijing Huaxia Supervision Co Ltd.	S	100.00	100.00	100.00	100.00
China	Shanghai Davis Testing Technology Ltd.	S	100.00	100.00	100.00	100.00
China	Zhejiang BVCPS Shenyue Co. Ltd.	S	60.00	51.00	60.00	51.00
China	BVCPS Shenou Zhejiang Co. Ltd.	S	60.00	51.00	60.00	51.00
China	Matthew Daniel Offshore (Hong Kong) Ltd.	S	100.00	100.00	100.00	100.00
China	Shanghai TJU Engineering Service Co Ltd.	S	100.00	100.00	100.00	100.00
China	Shandong Chengxin Engineering Consulting & Supervision Co. Ltd.	S	70.00	70.00	70.00	70.00
China	Ningbo Hengxin Engineering Testing Co. Ltd.	S	70.00	70.00	70.00	70.00
China	Beijing Huali BV Technical Service Co. Ltd.	S	60.00	60.00	60.00	60.00
China	Centre of Testing Service (Ningbo) Co Ltd.	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
China	Shandong Hengyuan Engineering Consulting Co. Ltd.	S	100.00	70.00	100.00	70.00
China	BV-CQC Testing Technology Co. Ltd.	S	60.00	60.00	60.00	60.00
China	Chongqing Liansheng Construction Project Management Co. Ltd.	S	80.00	80.00		
China	Chongqing Liansheng Seine cost consulting Co Ltd.	S	80.00	80.00		
China	Wuhu Liansheng Construction Project Management	S	80.00	80.00		
China	Chongoing Liansheng Henggu Construction Testing Co. Ltd.	S	80.00	80.00		
China	Hangzhou VEO Standards Technical Services Co. Ltd.	S	65.00	65.00		
China	Bizheng Engineering Technical Consulting (Shanghai) Co. Ltd.	S	100.00	100.00		
China	Wuhan Detect Technology Company Ltd.	S	100.00	100.00		
China	Bureau Veritas Commodities (Hebei) Co. Ltd.	S	67.00	67.00		
Colombia	BV Colombia	S	100.00	100.00	100.00	100.00
Colombia	BVQI Colombia	S	100.00	100.00	100.00	100.00
Colombia	ECA Colombia	S	100.00	100.00	100.00	100.00
Colombia	Inspectorate Colombia Ltda	S	100.00	100.00	100.00	100.00
Colombia	Acme Analytical Lab. Colombia SAS	S	100.00	100.00	100.00	100.00
Colombia	T H Hill Colombia, branch	S	100.00	100.00	100.00	100.00
Colombia	Tecnicontrol SA	S	100.00	100.00	100.00	100.00
Colombia	PRI Colombia SAS	S	100.00	100.00	100.00	100.00
Congo	BV Congo	S	100.00	100.00	100.00	100.00
Congo	BIVAC Congo	S	100.00	100.00	100.00	100.00
Croatia	BV Croatia	S	100.00	100.00	100.00	100.00
Croatia	Inspectorate Croatia Ltd. Doo	S	100.00	100.00	100.00	100.00
Cuba	BV SA – Cuba	B	100.00	100.00	100.00	100.00
Cyprus	Bureau Veritas (Cyprus) Ltd.	S	100.00	100.00	100.00	100.00
Czech Republic	BV Czech Republic	S	100.00	100.00	100.00	100.00
Democratic Republic of Congo	BIVAC RDC	S	100.00	100.00	100.00	100.00
Democratic Republic of Congo	Seguce RDC SA	S	70.00	70.00	100.00	100.00
Denmark	BV Certification Denmark	S	100.00	100.00	100.00	100.00
Denmark	BV HSE Denmark	S	100.00	100.00	100.00	100.00
Denmark	BV SA – Denmark	B	100.00	100.00	100.00	100.00
Dominican Republic	Inspectorate Dominicana SA	S	100.00	100.00	100.00	100.00
Dominican Republic	Acme Analytical Laboratories (RD) SA	S	100.00	100.00	100.00	100.00
Ecuador	BIVAC Ecuador	S	100.00	100.00	100.00	100.00
Ecuador	BV Ecuador	S	100.00	100.00	100.00	100.00
Ecuador	Inspectorate del Ecuador SA	S	100.00	100.00	100.00	100.00
Ecuador	Andes Control Ecuador SA	S	100.00	100.00	100.00	100.00
Egypt	BV Egypt	S	90.00	90.00	90.00	90.00
Egypt	Watson Gray (Egypt) Ltd.	S	100.00	100.00	100.00	100.00
Egypt	MatthewsDaniel Int. (Egypt) Ltd.	S	100.00	100.00	100.00	100.00
Equatorial Guinea	BV SA Equatorial Guinea	B	100.00	100.00	100.00	100.00
Estonia	BV Estonia	S	100.00	100.00	100.00	100.00
Estonia	Inspectorate Estonia AS	S	100.00	100.00	100.00	100.00
Ethiopia	Bureau Veritas Services Plc	S	100.00	100.00	100.00	100.00
Finland	BV SA – Finland	B	100.00	100.00	100.00	100.00
France	BVCPS France SAS	S	100.00	100.00	100.00	100.00
France	BIVAC International SA	S	100.00	100.00	100.00	100.00
France	BV Certification France SAS	S	100.00	100.00	100.00	100.00
France	BV Certification Holding SAS	S	100.00	100.00	100.00	100.00
France	CEP Industrie SAS	S	100.00	100.00	100.00	100.00
France	BV International SAS	S	100.00	100.00	100.00	100.00
France	Bureau Veritas Services France SAS	S	100.00	100.00	100.00	100.00
France	Bureau Veritas Services SAS	S	100.00	100.00	100.00	100.00
France	Tecnitas SAS	S	100.00	100.00	100.00	100.00
France	LCIE SAS	S	100.00	100.00	100.00	100.00
France	Environnement Contrôle Service	S	100.00	100.00	100.00	100.00
France	SOD.I.A SAS	S	100.00	100.00	100.00	100.00
France	Coreste SAS	S	99.60	99.60	99.60	99.60
France	Bureau Veritas Laboratoires SAS	S	100.00	100.00	100.00	100.00
France	CODDE SAS	S	100.00	100.00	100.00	100.00
France	Transcable Halec SAS	S	100.00	100.00	100.00	100.00
France	Guichet Unique Commerce Extérieur & Logistique – GUCEL SAS	S	90.00	90.00	90.00	90.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
France	BIVAC Mali SAS	S	100.00	100.00	100.00	100.00
France	Océanic Développement SAS	S	100.00	100.00	100.00	100.00
France	MEDI QUAL SAS	S	100.00	100.00	100.00	100.00
France	Unicar Group SAS	S	100.00	100.00	100.00	100.00
France	Bureau Veritas Construction SAS	S	100.00	100.00	100.00	100.00
France	Bureau Veritas Exploitation SAS	S	100.00	100.00	100.00	100.00
France	Hydrocéan SAS	S	100.00	100.00	100.00	100.00
France	Bureau Veritas Marine & Offshore SAS	S	100.00	100.00		
France	Bureau Veritas GSIT SAS	S	100.00	100.00		
France	Bureau Veritas Holding France SAS	S	100.00	100.00		
France	Bureau Veritas Holding 4 SAS	S	100.00	100.00		
France	Bureau Veritas Holding 5 SAS	S	100.00	100.00		
France	Bureau Veritas Holding 6 SAS	S	100.00	100.00		
France	Bureau Veritas Holding 7 SAS	S	100.00	100.00		
France	Bureau Veritas Holding 8 SAS	S	100.00	100.00		
France	BV SA – France	B	100.00	100.00	100.00	100.00
France	BV SA Mayotte	B	100.00	100.00	100.00	100.00
Fujairah	Inspectorate International Ltd. (Fujairah branch)	S	100.00	100.00	100.00	100.00
Gabon	BV Gabon	S	100.00	100.00	100.00	100.00
Georgia	Inspectorate Georgia LLC	S	100.00	100.00	100.00	100.00
Georgia	Bureau Veritas Georgie LLC	S	100.00	100.00	100.00	100.00
Germany	BV Certification Germany	S	100.00	100.00	100.00	100.00
Germany	BVCPS Germany	S	100.00	100.00	100.00	100.00
Germany	BV Construction Services	S	100.00	100.00	100.00	100.00
Germany	BV Germany Holding GmbH	S	100.00	100.00	100.00	100.00
Germany	Bureau Veritas Industry Services	S	100.00	100.00	100.00	100.00
Germany	Inspectorate Deutschland GmbH	S	100.00	100.00	100.00	100.00
Germany	Technitas Central Europe	S	100.00	100.00	100.00	100.00
Germany	Unicar GmbH	S	100.00	100.00	100.00	100.00
Germany	7Layers Germany AG	S	100.00	100.00	100.00	100.00
Germany	Bureau Veritas Material Testing GmbH	S	100.00	100.00	100.00	100.00
Germany	Wireless IP	S	100.00	100.00	100.00	100.00
Germany	BV SA – Germany	B	100.00	100.00	100.00	100.00
Ghana	BIVAC Ghana	S	100.00	100.00	100.00	100.00
Ghana	BV Ghana	S	100.00	100.00	100.00	100.00
Ghana	Inspectorate Ghana Ltd.	S	100.00	100.00	100.00	100.00
Greece	BV Certification Hellas	S	100.00	100.00	100.00	100.00
Guatemala	BVCPS Guatemala	S	100.00	100.00	100.00	100.00
Guinea	BIVAC Guinea	S	100.00	100.00	100.00	100.00
Guinea	BV Guinea	S	100.00	100.00	100.00	100.00
Guyana	Acme Analytical (Lab.) Guyana Inc.	S	100.00	100.00	100.00	100.00
Hungary	BV Hungary	S	100.00	100.00	100.00	100.00
Iceland	Bureau Veritas Iceland	S	100.00	100.00	100.00	100.00
India	BVIS – India	S	100.00	100.00	100.00	100.00
India	BVCPS India Ltd.	S	100.00	100.00	100.00	100.00
India	Bureau Veritas India	S	100.00	100.00	100.00	100.00
India	BV Certification India	S	100.00	100.00	100.00	100.00
India	Inspectorate Griffith India Pvt Ltd.	S	100.00	100.00	100.00	100.00
India	Civil Aid	S	100.00	100.00	100.00	100.00
India	Bhagavathi Ana Labs Private Ltd.	S	100.00	100.00	100.00	100.00
India	Sievert India Pvt Ltd.	S	100.00	100.00	100.00	100.00
India	BV SA – India	B	100.00	100.00	100.00	100.00
Indonesia	BV Indonesia	S	100.00	100.00	100.00	100.00
Indonesia	BVCPS Indonesia	S	85.00	85.00	85.00	85.00
Indonesia	Inspectorate PT IOL Indonesia	S	100.00	100.00	100.00	100.00
Iran	Inspectorate Iran (Qeshm) Ltd.	S	99.00	99.00	51.00	51.00
Iran	BV SA – Iran	B	100.00	100.00	100.00	100.00
Iraq	BV Iraq	S	100.00	100.00	100.00	100.00
Ireland	BV Ireland Ltd.	S	100.00	100.00	100.00	100.00
Italy	BV Italy	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Italy	BV Italia Holding spa	S	100.00	100.00	100.00	100.00
Italy	Bureau Veritas Nexta SRL	S	100.00	100.00	100.00	100.00
Italy	Inspectorate Italy SRL	S	100.00	100.00	100.00	100.00
Italy	Certest SRL	S	100.00	100.00	100.00	100.00
Italy	CEPAS Srl	S	100.00	100.00		
Ivory Coast	BV Côte d'Ivoire	S	100.00	100.00	100.00	100.00
Ivory Coast	BIVAC Scan CI	S	61.99	61.99	61.99	61.99
Ivory Coast	BIVAC Cote d'Ivoire	S	100.00	100.00	100.00	100.00
Ivory Coast	Bureau Veritas Mineral Laboratories	S	100.00	100.00	100.00	100.00
Japan	BV Japan	S	100.00	100.00	100.00	100.00
Japan	Bureau Veritas Human Tech	S	100.00	100.00	100.00	100.00
Japan	Inspectorate (Singapore) Pte. Ltd., Japan Branch	S	100.00	100.00	100.00	100.00
Japan	Kanagawa Building Inspection	S	100.00	100.00	100.00	100.00
Jordan	BV BIVAC Jordan	S	100.00	100.00	100.00	100.00
Kazakhstan	BV Kazakhstan	S	100.00	100.00	100.00	100.00
Kazakhstan	BV Kazakhstan Industrial Services LLP	S	60.00	60.00	60.00	60.00
Kazakhstan	Kazinspectorate Ltd.	S	100.00	100.00	100.00	100.00
Kazakhstan	BV Marine Kazakhstan	S	100.00	100.00	100.00	100.00
Kenya	BV Kenya	S	99.90	99.90	99.90	99.90
Kuwait	Inspectorate International Ltd. Kuwait	S	100.00	100.00	100.00	100.00
Kuwait	BV SA – Kuwait	B	100.00	100.00	100.00	100.00
Laos	BIVAC LAO PDR	S	100.00	100.00	100.00	100.00
Laos	Lao National Single Window Company Ltd.	S	75.00	75.00	100.00	100.00
Latvia	Bureau Veritas Latvia	S	100.00	100.00	100.00	100.00
Latvia	Inspectorate Latvia Ltd.	S	100.00	100.00	100.00	100.00
Lebanon	BV Lebanon	S	100.00	100.00	100.00	100.00
Lebanon	BIVAC Branch Lebanon	S	100.00	100.00	100.00	100.00
Liberia	BIVAC Liberia	S	100.00	100.00	100.00	100.00
Liberia	BV Liberia	S	100.00	100.00	100.00	100.00
Libya	Bureau Veritas Libya	S	51.00	51.00	51.00	51.00
Lithuania	BV Lithuania	S	100.00	100.00	100.00	100.00
Lithuania	Inspectorate Klaipeda UAB	S	100.00	100.00	100.00	100.00
Luxembourg	Soprefira	S	100.00	100.00	100.00	100.00
Luxembourg	BV Luxembourg	S	100.00	100.00	100.00	100.00
Malaysia	BV Malaysia	S	49.00	49.00	49.00	49.00
Malaysia	BV Certification Malaysia	S	100.00	100.00	100.00	100.00
Malaysia	BV Inspection	S	100.00	100.00	100.00	100.00
Malaysia	Inspectorate Malaysia SDN BHD	S	49.00	49.00	49.00	49.00
Malaysia	Scientige Sdn Bhd	S	100.00	100.00	100.00	100.00
Malaysia	MatthewsDaniel (Malaysia) SDN BHD	S	100.00	100.00	100.00	100.00
Mali	BV Mali	S	100.00	100.00	100.00	100.00
Malta	Inspectorate Malta Ltd.	S	100.00	100.00	100.00	100.00
Malta	BV SA – Malta	B	100.00	100.00	100.00	100.00
Mauritania	BV SA – Mauritania	B	100.00	100.00	100.00	100.00
Mauritius	BV SA – Mauritius	B	100.00	100.00	100.00	100.00
Mexico	BVQI Mexico	S	100.00	100.00	100.00	100.00
Mexico	BV Mexicana	S	100.00	100.00	100.00	100.00
Mexico	BVCPS Mexico	S	100.00	100.00	100.00	100.00
Mexico	Inspectorate de Mexico SA de CV	S	100.00	100.00	100.00	100.00
Mexico	Chas Martin Mexico City Inc.	S	100.00	100.00	100.00	100.00
Mexico	Unicar Automotive Inspection Mexico	S	100.00	100.00	100.00	100.00
Mexico	MatthewsDaniel Mexico	S	100.00	100.00	100.00	100.00
Mexico	CH Mexico International I sociedad de responsabilidad Limitada de CV	S	100.00	100.00	100.00	100.00
Monaco	BV Monaco	S	100.00	100.00	100.00	100.00
Mongolia	Bureau Veritas Inspection & Testing Mongolia LLC	S	100.00	100.00	100.00	100.00
Morocco	BV Maroc	S	100.00	100.00	100.00	100.00
Morocco	BV SA – Morocco	B	100.00	100.00	100.00	100.00
Mozambique	Bureau Veritas Controle	S	63.00	63.00	63.00	63.00
Mozambique	BV Mozambique Ltda	S	100.00	100.00	100.00	100.00
Mozambique	TETE Lab	S	66.66	66.66	66.66	66.66
Namibia	Bureau Veritas Namibia	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Netherlands	BIVAC BV	S	100.00	100.00	100.00	100.00
Netherlands	BV Inspection & Certification the Netherlands BV	S	100.00	100.00	100.00	100.00
Netherlands	Risk Control BV	S	100.00	100.00	100.00	100.00
Netherlands	BV Marine Netherlands	S	100.00	100.00	100.00	100.00
Netherlands	BV Nederland Holding	S	100.00	100.00	100.00	100.00
Netherlands	Inspection Worldwide Services BV	S	100.00	100.00	100.00	100.00
Netherlands	Inspectorate International BV	S	100.00	100.00	100.00	100.00
Netherlands	Inspectorate IOL Investments BV	S	100.00	100.00	100.00	100.00
Netherlands	Inspectorate Inpechem Inspectors BV	S	100.00	100.00	100.00	100.00
Netherlands	Inspectorate Curaçao NV	S	100.00	100.00	100.00	100.00
Netherlands	CIBV	S	100.00	100.00	100.00	100.00
New Caledonia	BV SA – New Caledonia	B	100.00	100.00	100.00	100.00
New Zealand	BV New Zealand	S	100.00	100.00	100.00	100.00
Nicaragua	Inspectorate America Corp. – Nicaragua	S	100.00	100.00	100.00	100.00
Nigeria	BV Nigeria	S	60.00	60.00	60.00	60.00
Nigeria	Inspectorate Marine Services (Nigeria) Ltd.	S	100.00	100.00	100.00	100.00
Norway	BV Norway	S	100.00	100.00	100.00	100.00
Norway	MatthewsDaniel Int. (Norge) A/S	S	100.00	100.00	100.00	100.00
Oman	Inspectorate International Ltd. Oman	S	100.00	100.00	100.00	100.00
Oman	Sievert Technical Inspection LLC	S	70.00	70.00	70.00	70.00
Oman	Bureau Veritas Middle East Co. LLC	S	70.00	70.00	70.00	70.00
Pakistan	BV Pakistan	S	100.00	100.00	100.00	100.00
Pakistan	BVPCS Pakistan	S	80.00	80.00	80.00	80.00
Panama	BV Panama	S	100.00	100.00	100.00	100.00
Panama	Inspectorate de Panama SA	S	100.00	100.00	100.00	100.00
Papua New Guinea	BV Asset Integrity and Reliability Services Pty Ltd. Branch	S	100.00	100.00	100.00	100.00
Paraguay	BIVAC Paraguay	S	100.00	100.00	100.00	100.00
Paraguay	Inspectorate de Paraguay SRL	S	100.00	100.00	100.00	100.00
Peru	BIVAC Peru	S	100.00	100.00	100.00	100.00
Peru	BV Peru	S	100.00	100.00	100.00	100.00
Peru	Inspectorate Services Peru SAC	S	100.00	100.00	100.00	100.00
Peru	Acme Analytical Lab. Peru	S	100.00	100.00	100.00	100.00
Peru	Tecnicontrol Ingenieria	S	100.00	100.00	100.00	100.00
Philippines	Inspectorate International Ltd. (Philippines branch)	S	100.00	100.00	100.00	100.00
Philippines	Toplis Marine Philippines	S	80.00	80.00	80.00	80.00
Philippines	BV SA – Philippines	B	100.00	100.00	100.00	100.00
Poland	Bureau Veritas Polska SP ZOO	S	100.00	100.00	100.00	100.00
Portugal	BV Certification Portugal	S	100.00	100.00	100.00	100.00
Portugal	Rinave Registro Int'l Naval	S	100.00	100.00	100.00	100.00
Portugal	Rinave Consultadorio y Servicios	S	100.00	100.00	100.00	100.00
Portugal	BIVAC Iberica	S	100.00	100.00	100.00	100.00
Portugal	Inspectorate Portugal SA	S	100.00	100.00	100.00	100.00
Puerto Rico	Inspectorate America Corporation	S	100.00	100.00	100.00	100.00
Qatar	Inspectorate International Ltd. Qatar WLL	S	49.00	49.00	49.00	49.00
Qatar	Sievert International Inspection WLL	S	49.00	34.30	49.00	34.30
Qatar	Bureau Veritas International	S	100.00	100.00	100.00	100.00
Qatar	BV SA – Qatar	B	100.00	100.00	100.00	100.00
Romania	BV Romania CTRL	S	100.00	100.00	100.00	100.00
Romania	Inspect Balkan SRL	S	100.00	100.00	100.00	100.00
Russia	BV Russia	S	100.00	100.00	100.00	100.00
Russia	Bureau Veritas Certification Russia	S	100.00	100.00	100.00	100.00
Russia	Inspectorate Russia	S	100.00	100.00	100.00	100.00
Russia	Unicar Russia LLC	S	100.00	100.00	100.00	100.00
Russia	LLC MatthewsDaniel International (Rus)	S	100.00	100.00	100.00	100.00
Rwanda	BV Rwanda Ltd.	S	100.00	100.00	100.00	100.00
Saudi Arabia	BV SATS	S	75.00	75.00	75.00	75.00
Saudi Arabia	Inspectorate International Saudi Arabia Co Ltd.	S	65.00	65.00	65.00	65.00
Saudi Arabia	MD Loss Adjusting and Survey Company Ltd.	S	100.00	100.00	100.00	100.00
Saudi Arabia	Sievert Arabia Ltd.	S	100.00	100.00	100.00	100.00
Saudi Arabia	BV SA – Saudi Arabia	B	100.00	100.00	100.00	100.00
Senegal	BV Senegal	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Serbia	Bureau Veritas DOO	S	100.00	100.00	100.00	100.00
Singapore	Tecnicas	S	100.00	100.00	100.00	100.00
Singapore	Bureau Veritas Singapore Pte Ltd.	S	100.00	100.00	100.00	100.00
Singapore	BV Marine Singapore	S	100.00	100.00	100.00	100.00
Singapore	Atomic Technologies Pte Ltd.	S	100.00	100.00	100.00	100.00
Singapore	Inspectorate (Singapore) PTE Ltd.	S	100.00	100.00	100.00	100.00
Singapore	MatthewsDaniel International PTE, Ltd.	S	100.00	100.00	100.00	100.00
Singapore	Sievert Veritas Pte Ltd.	S	100.00	100.00	100.00	100.00
Singapore	CKM Consultants Pte Ltd.	S	100.00	100.00	100.00	100.00
Singapore	7Layers Asia Private Ltd.	S	100.00	100.00	100.00	100.00
Singapore	TMC Marine Pte	S	100.00	100.00		
Slovakia	BV Certification Slovakia	S	100.00	100.00	100.00	100.00
Slovenia	Bureau Veritas DOO	S	100.00	100.00	100.00	100.00
South Africa	BV South Africa Pty Ltd.	S	70.00	70.00	70.00	70.00
South Africa	BV Testing and Inspections South Africa Pty Ltd.	S	100.00	100.00	100.00	100.00
South Africa	BV Inspectorate Laboratories (Pty) Ltd.	S	73.30	73.30	73.30	73.30
South Africa	BV Marine Surveying Pty Ltd.	S	51.00	37.38	51.00	37.38
South Africa	M&L Laboratory Services (Pty) Ltd.	S	100.00	73.30	100.00	73.30
South Africa	BV Gazelle Pty Ltd.	S	70.00	70.00	70.00	70.00
South Africa	Tekniva	S	100.00	70.00	100.00	70.00
South Africa	Carab Technologies Pty Ltd.	S	100.00	70.00	100.00	70.00
South Korea	BV Certification Korea	S	100.00	100.00	100.00	100.00
South Korea	BV KOTITI Korea Ltd.	S	100.00	100.00	51.00	51.00
South Korea	BVCPS ADT Korea Ltd.	S	100.00	100.00	100.00	100.00
South Korea	7Layers Korea Ltd.	S	100.00	100.00	100.00	100.00
South Korea	BV SA – South Korea	B	100.00	100.00	100.00	100.00
Spain	BV Iberia	S	100.00	100.00	100.00	100.00
Spain	BV Inversiones SA	S	100.00	100.00	100.00	100.00
Spain	ECA Global'S Investments, Heritage and Assets, SLU	S	100.00	100.00	100.00	100.00
Spain	ECA Entidad Colaborada De La Administración, SAU	S	100.00	100.00	100.00	100.00
Spain	BV Formacion	S	95.00	95.00	95.00	95.00
Spain	Activa, Innovación Y Servicios, SAU	S	100.00	100.00	100.00	100.00
Spain	Instituto De La Calidad, SAU	S	100.00	100.00	100.00	100.00
Spain	Inspectorate Española, SA	S	100.00	100.00	100.00	100.00
Spain	Unicar Spain Servicios de Control SL	S	100.00	100.00	100.00	100.00
Sri Lanka	BVCPS Lanka	S	100.00	100.00	100.00	100.00
Sri Lanka	BV Lanka Ltd.	S	100.00	100.00	100.00	100.00
Sweden	BV Certification Sweden	S	100.00	100.00	100.00	100.00
Sweden	LW Cargo Survey AB	S	100.00	100.00	100.00	100.00
Sweden	BV SA – Sweden	B	100.00	100.00	100.00	100.00
Switzerland	BV Switzerland	S	100.00	100.00	100.00	100.00
Switzerland	Inspectorate Suisse SA	S	100.00	100.00	100.00	100.00
Syria	BIVAC Branch Syria	S	100.00	100.00	100.00	100.00
Tahiti	BV SA – Tahiti	B	100.00	100.00	100.00	100.00
Taiwan	MTL Taiwan Branch of BV CPS HKG	S	100.00	100.00	100.00	100.00
Taiwan	BV Certification Taiwan	S	100.00	100.00	100.00	100.00
Taiwan	BV Taiwan	S	100.00	100.00	100.00	100.00
Taiwan	Advance Data Technology	S	99.10	99.10	99.10	99.10
Taiwan	BVCPS HK, Taoyuan Branch	S	100.00	100.00	100.00	100.00
Taiwan	BV SA – Taiwan	B	100.00	100.00	100.00	100.00
Tanzania	BV-USC Tanzania Ltd.	S	60.00	60.00	60.00	60.00
Tanzania	BV Tanzania	S	100.00	100.00	100.00	100.00
Thailand	BV Thailand	S	49.00	49.00	49.00	49.00
Thailand	BVCPS Thailand	S	100.00	100.00	100.00	100.00
Thailand	BV Certification Thailand	S	49.00	49.00	49.00	49.00
Thailand	Inspectorate (Thailand) Co Ltd.	S	100.00	100.00	75.00	75.00
Thailand	Sievert Thailand	S	100.00	100.00	100.00	100.00
Thailand	MatthewsDaniel Int. (Thailand) Ltd.	S	100.00	100.00	100.00	100.00

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Togo	BV Togo	S	100.00	100.00	100.00	100.00
Togo	SEGUCE Togo	S	100.00	100.00	100.00	100.00
Trinidad and Tobago	Inspectorate America Corporation	S	100.00	100.00	100.00	100.00
Tunisia	STCV – Tunisia	S	49.90	49.90	49.90	49.90
Turkey	BV Gozetim Hizmetleri	S	100.00	100.00	100.00	100.00
Turkey	BVCPS Turkey	S	100.00	100.00	100.00	100.00
Turkey	Inspectorate Uluslararası Gozetim Servisleri AS	S	100.00	100.00	80.00	80.00
Turkey	BV Deniz Deniz ve Gemi Siniflandırma Hizmetleri Ltd. Sirketi	S	100.00	100.00	100.00	100.00
Turkey	Acme Analitik Lab. Hizmetleri Ltd. Sirk.	S	100.00	100.00	100.00	100.00
Turkmenistan	Inspectorate Suisse SA Turkmenistan branch	S	100.00	100.00	100.00	100.00
Uganda	BV Uganda	S	100.00	100.00	100.00	100.00
Ukraine	BV Ukraine	S	100.00	100.00	100.00	100.00
Ukraine	BV Certification Ukraine	S	100.00	100.00	100.00	100.00
Ukraine	Inspectorate Ukraine LLC	S	100.00	100.00	100.00	100.00
United Arab Emirates	Inspectorate International Ltd. (Dubai branch)	S	100.00	100.00	100.00	100.00
United Arab Emirates	Sievert Emirates Inspection LLC	S	49.00	49.00	49.00	49.00
United Arab Emirates	MatthewsDaniel Services (Bermuda) Ltd.	S	100.00	100.00	100.00	100.00
United Arab Emirates	BV SA – Abu Dhabi	B	100.00	100.00	100.00	100.00
United Arab Emirates	BV SA – Dubai	B	100.00	100.00	100.00	100.00
United Kingdom	BV Certification Holding (branch)	S	100.00	100.00	100.00	100.00
United Kingdom	BV Certification UK Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	Bureau Veritas UK Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	Bureau Veritas Consumer Products Services UK Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	Bureau Veritas UK Holdings Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	Inspectorate Holdings Plc	S	100.00	100.00	100.00	100.00
United Kingdom	Inspectorate International Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	MatthewsDaniel Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	MatthewsDaniel Holdings Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	MatthewsDaniel International (London) Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	MatthewsDaniel International (Africa) Ltd.	S	100.00	100.00	100.00	100.00
United Kingdom	HCD Building Control Ltd.	S	100.00	100.00		
United Kingdom	HCD Eng. Ltd.	S	100.00	100.00		
United Kingdom	HCD Group Ltd.	S	100.00	100.00		
United Kingdom	HCD Management Ltd.	S	100.00	100.00		
United Kingdom	HCD Specialist Services Ltd.	S	100.00	100.00		
United Kingdom	TMC Offshore Ltd.	S	100.00	100.00		
United Kingdom	TMC (Marine Consultants) Ltd.	S	100.00	100.00		
United Kingdom	Maritime Assurance & Consulting Ltd.	S	100.00	100.00		
United Kingdom	MAC Resourcing Ltd.	S	100.00	100.00		
United Kingdom	BV SA – United Kingdom	B	100.00	100.00	100.00	100.00
United States	Bureau Veritas Holding Inc.	S	100.00	100.00	100.00	100.00
United States	Bureau Veritas Marine Inc.	S	100.00	100.00	100.00	100.00
United States	Bureau Veritas Certification North America Inc.	S	100.00	100.00	100.00	100.00
United States	Bureau Veritas Consumer Products Services Inc.	S	100.00	100.00	100.00	100.00
United States	BIVAC North America Inc.	S	100.00	100.00	100.00	100.00
United States	Bureau Veritas North America Inc.	S	100.00	100.00	100.00	100.00
United States	OneCIS Insurance Company	S	100.00	100.00	100.00	100.00
United States	Curtis Strauss LLC	S	100.00	100.00	100.00	100.00
United States	National Elevator Inspection Services Inc.	S	100.00	100.00	100.00	100.00
United States	Inspectorate America Corporation	S	100.00	100.00	100.00	100.00
United States	Unicar USA Inc.	S	100.00	100.00	100.00	100.00
United States	7 Layers Inc.	S	100.00	100.00	100.00	100.00
United States	Quiktrak Inc.	S	100.00	100.00	100.00	100.00
United States	MatthewsDaniel Company Inc.	S	100.00	100.00	100.00	100.00
United States	TMC Marine Inc.	S	100.00	100.00		
United States	Summit Inspection Services Inc.	S	100.00	100.00		
Uruguay	Inspectorate Uruguay SRL	S	100.00	100.00	100.00	100.00
Venezuela	BVQI Venezuela	S	100.00	100.00	100.00	100.00
Venezuela	BV Venezuela	S	100.00	100.00	100.00	100.00
Venezuela	Inspectorate de Venezuela SCS	S	100.00	100.00	100.00	100.00

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 Consolidated financial statements

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
Vietnam	BV Vietnam	S	100.00	100.00	100.00	100.00
Vietnam	BV Certification Vietnam	S	100.00	100.00	100.00	100.00
Vietnam	BV Consumer Product Services Vietnam Ltd.	S	100.00	100.00	100.00	100.00
Vietnam	Inspectorate Vietnam Co. LLC	S	100.00	100.00	100.00	100.00
Vietnam	MatthewsDaniel Int. (Vietnam) Ltd.	S	100.00	100.00	100.00	100.00
Yemen	Inspectorate International Ltd. Yemen	S	100.00	100.00	100.00	100.00
Zambia	Bureau Veritas Zambia Ltd.	S	100.00	100.00	100.00	100.00
Zimbabwe	Bureau Veritas Zimbabwe	S	100.00	100.00		

In accordance with IAS 27.13, the aforementioned entities are all fully consolidated since they are controlled by Bureau Veritas. The Group has the majority of the voting rights in these entities or governs their financial and operating policies.

## Companies accounted for by the equity method

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
China	7Layers Ritt China	S	50.00	50.00	50.00	50.00
France	ATSI – France	S	49.92	49.92	49.92	49.92
Japan	Analysts Japan	S	50.00	50.00	50.00	50.00
Jordan	MELLTS	S	50.00	50.00	50.00	50.00
Russia	BV Safety LLC	S	49.00	49.00	49.00	49.00
United Kingdom	UCM Global Ltd.	S	50.00	50.00	50.00	50.00
United Kingdom	Unicar GB Ltd.	S	50.00	50.00	50.00	50.00

## Proportionately consolidated companies

Country	Company	Type	2016		2015	
			% control	% interest	% control	% interest
France	GIE CEPI CTE ASCOT	S	55.00	55.00	55.00	55.00

## Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2016

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Bureau Veritas;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

### 1. Opinion on the consolidated financial statements

---

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### 2. Justification of our assessments

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In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Bureau Veritas tests goodwill for impairment annually and also assesses whether there is an indication that intangible assets may be impaired, in accordance with the methods described in Notes 3.5, 3.7 and 11 to the consolidated financial statements. Our work consisted in examining the methods used to implement these impairment tests as well as the related cash flow forecasts and assumptions, reviewing the resulting calculations, and verifying that the disclosures in the notes to the consolidated financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### 3. Specific verification

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As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit  
Christine Bouvry

ERNST & YOUNG Audit  
Nour-Eddine Zanouda

## 5.2 Bureau Veritas SA statutory financial statements

### Balance sheet at December 31

(€ thousands)	Notes	Gross value	Depr., amort. and impairment	2016 net	2015 net
Intangible assets	1	1,323	(1,213)	110	67,426
Tangible assets	1	23,464	(16,479)	6,985	24,239
Long-term financial investments	2	2,147,579	(41,554)	2,106,025	1,822,367
<b>Total non-current assets</b>		<b>2,172,366</b>	<b>(59,246)</b>	<b>2,113,120</b>	<b>1,914,032</b>
Work-in-progress		5,467		5,467	49,094
Trade receivables	4	146,018	(14,084)	131,934	299,809
Other receivables	4	1,901,470	(27,675)	1,873,795	1,663,224
Marketable securities	4	662,467		662,467	318,785
Treasury shares		88,540		88,540	79,750
Cash at bank and on hand		42,154		42,154	32,627
<b>Total current assets</b>		<b>2,846,116</b>	<b>(41,759)</b>	<b>2,804,357</b>	<b>2,443,289</b>
<i>Accrual accounts</i>					
Prepaid expenses	4	9,441		9,441	15,090
Unrealized currency translation losses		1,440		1,440	2,777
Bond redemption premiums	4	214		214	750
<b>TOTAL ASSETS</b>		<b>5,029,577</b>	<b>(101,005)</b>	<b>4,928,572</b>	<b>4,375,938</b>
Share capital				53,040	53,040
Share premium				40,670	42,249
Reserves and retained earnings				581,388	521,847
Net profit				382,063	279,221
Regulated provisions				974	974
<b>Total equity</b>	<b>3</b>			<b>1,058,135</b>	<b>897,331</b>
Provisions for liabilities and charges	5			78,606	207,874
<i>Payables</i>					
Bank borrowings and debt	4			2,872,241	2,146,867
Trade payables	4			34,895	80,625
Other payables	4			865,547	973,254
<i>Accrual accounts</i>					
Prepaid income	4			16,613	64,736
Unrealized currency translation gains				2,535	5,251
<b>TOTAL EQUITY AND LIABILITIES</b>				<b>4,928,572</b>	<b>4,375,938</b>

## Income statement

(€ thousands)	Notes	2016	2015
Revenue	7	950,481	952,763
Other operating income	7	321,036	314,943
<b>Total operating income</b>		<b>1,271,517</b>	<b>1,267,706</b>
<i>Operating expenses</i>			
Supplies		(446)	(480)
Other purchases and external charges		(363,808)	(359,430)
Taxes other than on income		(31,187)	(28,242)
Wages and salaries		(396,496)	(402,571)
Payroll taxes		(159,430)	(162,891)
Other operating expenses		(132,203)	(123,229)
Charges in provisions for operating items		(21,604)	4,623
Depreciation and amortization		(18,258)	(16,618)
<b>Operating profit</b>		<b>148,085</b>	<b>178,868</b>
Net financial income	8	288,062	109,272
<b>Profit from ordinary operations before income tax</b>		<b>436,147</b>	<b>288,140</b>
Net exceptional income	9	23,869	35,183
Employee profit-sharing		(11,163)	(1,607)
Income tax (expense)	10	(66,790)	(42,495)
<b>NET PROFIT</b>		<b>382,063</b>	<b>279,221</b>

## Statement of cash flows

(€ thousands)	2016	2015
Cash flow from operations	392,053	270,222
Change in working capital	13,269	961
<b>Net cash from operating activities</b>	<b>405,322</b>	<b>271,183</b>
Capital expenditure	(28,620)	(31,529)
Acquisitions of equity interests	(133,986)	(12,241)
Sales and repayments of equity interests	128,218	486,113
Sales of non-current assets	248	156
Change in loans and other financial assets	(143,630)	(45,830)
<b>Net cash from (used in) investing activities</b>	<b>(177,770)</b>	<b>396,669</b>
Capital increase	1,432	10,344
Purchases of treasury shares, net	(28,347)	(26,739)
Dividends paid	(222,771)	(209,809)
<b>Net cash used in financing activities</b>	<b>(249,686)</b>	<b>(226,204)</b>
Increase (decrease) in gross debt	541,404	(143,194)
Impact of the spin-off of Company's activities in France	(165,332)	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>353,938</b>	<b>298,454</b>
Cash and cash equivalents at beginning of year	350,683	52,229
Cash and cash equivalents at end of year	704,621	350,683

## Summary of significant accounting policies

The balance sheet and income statement are prepared in accordance with the French commercial code (*Code de commerce*), French chart of accounts and French generally accepted accounting principles as defined by Regulation 2014-03 issued by the French accounting standards-setter (*Autorité des Normes Comptables – ANC*).

The financial statements are prepared based on :

- the going concern;
- consistency of accounting methods; and
- accrual basis principles.

The Company is organized as a head office with a number of branches, which are fairly autonomous with regard to financial and managerial matters. Each branch keeps its own accounts which are linked to the head office accounting system via an intercompany account.

The financial statements of foreign branches are translated using the closing rate method: assets and liabilities are translated at the year-end exchange rate, while income statement items are translated at the average exchange rate for the year. All resulting currency translation differences are recognized directly in equity.

### Basis of measurement

#### Non-current assets

Non-current assets are carried at historical cost, in particular assets located outside France. The exchange rate applied to the currency in which the assets were purchased is the rate prevailing at the acquisition date.

#### Intangible assets

Software developed in-house is capitalized in accordance with the benchmark treatment. The cost of production for own use includes all costs directly attributable to analyzing, programming, testing and documenting software specific to the Company's activities.

Software is amortized over its estimated useful life, which does not currently exceed seven years.

#### Tangible assets

Depreciation is provided according to the straight-line or declining-balance method, depending on the asset concerned. The following useful lives generally apply:

##### *Fixtures and fittings, machinery and equipment:*

- |                           |                        |
|---------------------------|------------------------|
| • fixtures and fittings   | 10 years               |
| • machinery and equipment | Between 5 and 10 years |

##### *Other tangible assets:*

- |                    |                        |
|--------------------|------------------------|
| • vehicles         | Between 4 and 5 years  |
| • office equipment | Between 5 and 10 years |
| • IT equipment     | Between 3 and 5 years  |
| • furniture        | 10 years               |

#### Long-term investments

Equity investments are carried in the balance sheet at acquisition cost or subscription price, including acquisition fees.

Subsidiaries and affiliates are generally measured based on the Company's share in their net book assets, adjusted where appropriate for items with a prospective economic value.

Impairment is recognized for any difference between the value in use and gross value of the investments.

#### Current assets

##### Work-in-progress

Work-in-progress is recognized using the percentage-of-completion method. Short-term contracts whose value is not material continue to be measured using the completed contract method.

Impairment is recognized when the net realizable value falls below the book value. In this case, work-in-progress is reported directly on a net basis.

Impairment is calculated for each contract based on the projected margin as revised at year-end. Losses on completion arising on onerous contracts are recognized in provisions for liabilities and charges.

##### Trade receivables

Trade receivables are depreciated to cover the risks of non-collection arising on certain items. Impairments are calculated based on a case-by-case analysis of risks, except for non-material amounts for which statistical impairments are calculated based on collection experience. The criteria for determining impairment are based on the financial position of the debtor (liquidity situation, whether the debtor is the object of any disputes, bankruptcy or legal reorganization proceedings), or whether the debtor is involved in any technical disputes.

##### Marketable securities

Marketable securities are carried at cost and written down to their estimated net realizable value if this falls below their cost.

## Accrual accounts

### Prepaid expenses

This caption includes operating and financial expenses relating to subsequent reporting periods.

### Currency translation losses

This item represents translation losses on foreign currency receivables and payables.

Since there are no corresponding hedging instruments, translation losses are covered by a provision for the same amount in liabilities.

Foreign currency borrowings hedged by designated currency swaps and those hedged by current accounts with subsidiaries in the same currencies with broadly similar maturities are treated as aggregate currency exposures. The provision recognized is limited to the amount by which unrealized translation losses exceed unrealized translation gains.

## Equity and liabilities

### Currency translation reserves

The functional currency of foreign entities is used as their reference currency. As a result, historical cost data are expressed in foreign currency. The closing rate method is therefore used to translate the financial statements of foreign branches.

Accordingly:

- balance sheet items (except for the intercompany account) are translated at the year-end exchange rate;
- income statement items are translated at the average exchange rate for the year;
- the intercompany account continues to be carried at the historical exchange rate.

### Pensions and other employee benefit obligations

The Company has adopted the benchmark treatment for pensions and other employee benefit obligations and recognizes all such obligations in the balance sheet. Actuarial gains and losses resulting from changes in assumptions or in the valuation of assets are recognized in the income statement.

### Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when the Company considers at the end of the reporting period that it has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The costs which the Company ultimately incurs may exceed the amounts set aside to provisions for claims and disputes due to a variety of factors such as the uncertain nature of the outcome of the disputes.

### Derivative financial instruments

A provision is set aside in liabilities if any derivative financial instruments traded over-the-counter that do not meet the criteria for hedge accounting have a negative market value.

## Accrual accounts

### Prepaid income

This account primarily represents the portion of contract billing in excess of the percentage-of-completion (see note concerning revenue).

Since 2012, this item has also included the amount of interest on the outstanding USPP swap, which is recognized on a straight-line basis over the residual term of the facility.

### Currency translations gains

This account includes gains on the translation of the Company's foreign currency receivables and payables at the year-end rate.

## Income statement

### Presentation method

The income statement is presented in list format. Income statement items are classified to successively show operating profit, net financial income, profit from ordinary operations before income tax, net exceptional income, employee profit-sharing and income tax amounts.

### Revenue and other operating income

Revenue is the value (excluding VAT) of services provided by the branches in the ordinary course of their business, after elimination of intra-company transactions. It is recognized on a percentage-of-completion basis. Short-term contracts or contracts whose value is not material are valued using the completed contract method.

Other operating income includes mainly royalties and amounts rebilled to clients and other Group entities.

### Operating expenses

All other expenses are reported in this caption by type. These expenses are recognized according to the local regulations in the countries where the Company's branches are located. Depreciation and amortization are calculated applying the usual methods (see non-current assets). Additions to provisions reflect amounts set aside to cover a decline in value of external customer accounts and other operating provisions.

### Net financial income (expense)

This caption reflects:

- dividends received from other Group companies;
- interest paid on borrowings, interest received on loans granted to Company subsidiaries, and investment income;
- movements in provisions relating to equity investments and current accounts of certain Company subsidiaries;
- exchange differences on foreign currency loans and borrowings and on operating transactions.

**Net exceptional income (expense)**

Exceptional income chiefly includes recoveries of receivables previously written off, proceeds from sales of non-current assets and Bureau Veritas SA shares and reversals of exceptional provisions.

Exceptional expense includes miscellaneous penalties paid and the net book values of (i) non-current assets sold or retired, (ii) Company shares and (iii) additions to exceptional provisions.

**Significant events in 2016****Dividends payout**

Pursuant to the resolutions adopted by the May 17, 2016 Shareholders' Meeting, on May 23, 2016 the Company paid eligible shareholders a dividend of €0.51 per share, representing a total payout of €222.8 million.

**Financing**

On August 31, 2016, the Company placed €700 million in non-rated bonds with two maturities: a €500 million bond maturing at seven years paying fixed interest at 1.25%, and a €200 million bond maturing at ten years paying fixed interest at 2.00%.

**Spin-off of the Company's operating and support activities in France**

To respond regulatory constraints governing conflicts of interest and to increase the visibility of the Group's France-based operations and support activities, which were hosted by Bureau Veritas SA, and as of December 31, 2016, the Company spun off the following activities into six fully-owned Group subsidiaries by means of partial asset contributions:

**Consolidation for accounting and tax purposes**

Bureau Veritas SA is the parent and consolidating company of the Group and is itself fully consolidated by the Wendel group, whose registered office is located at 89, rue Taitbout, 75009 Paris, France, and is registered with the Paris trade and companies register (*Registre du commerce et des sociétés*) under number 572 174 035.

Bureau Veritas SA is the head of the tax consolidation group set up pursuant to articles 223 et seq. of the French tax code (*Code général des impôts*).

- Marine & Offshore, for a book value of €13.5 million, to Bureau Veritas Marine & Offshore – Registre International de Classification de Navires et de Plateformes Offshore SAS;
- GSIT (Government Services & International Trade), for a book value of €11.5 million, to Bureau Veritas GSIT SAS;
- Inspection and Technical Services, for services provided in France including In-Service Inspection & Verification, Health/Safety and Environment and Asset Management on existing constructions, for a book value of €40 million, to Bureau Veritas Exploitation SAS;
- Construction, for services provided in France including Technical Control, Asset Management on new constructions and Coordination of Safety and Health Procedures, for a book value of €17 million, to Bureau Veritas Construction SAS;
- France Support Services, for support functions in France, for a book value of €5 million, to Bureau Veritas Services France SAS;
- Group Support Services, for support functions in France for the Group worldwide, for a book value of €45 million, to Bureau Veritas Services SAS.

The contributions were approved by the Ordinary and Extraordinary Shareholders' Meeting of October 18, 2016 and enable the Company to focus on its holding company activities for its operations in France.

The summary balance sheet for these contributions is presented below:

<i>(€ thousands)</i>	Gross value	Depr., amort. and impairment	2016 net
Intangible assets	137,325	(59,927)	77,398
Tangible assets	81,939	(63,995)	17,944
Long-term financial investments	2,833	-	2,833
Work-in-progress	41,591	-	41,591
Trade receivables	185,628	(7,073)	178,555
Other receivables	14,660	-	14,660
Cash at bank and on hand	165,332	-	165,332
Prepaid expenses	8,227	-	8,227
Unrealized currency translation losses	260	-	260
<b>Total assets contributed</b>	<b>637,795</b>	<b>(130,995)</b>	<b>506,800</b>
Provisions for liabilities and charges			118,083
Trade payables			53,675
Other payables			157,110
Prepaid income			45,089
Unrealized currency translation gains			843
<b>Total liabilities contributed</b>			<b>374,800</b>
<b>Net assets contributed</b>			<b>132,000</b>
<b>Value of shares received in consideration for contributions</b>			<b>132,000</b>

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## Financial statements

## Notes to the statutory financial statements

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## Note 1 Non-current assets

### Non-current assets – gross values

(€ thousands)	01/01/2016	Increases	Decreases	Reclassifications and other movements	Currency translation differences	12/31/2016
Other intangible assets	106,934	1,424	(1,081)	(105,966)	12	1,323
Intangible assets in progress	12,105	18,160	-	(30,265)	-	-
<b>Intangible assets</b>	<b>119,039</b>	<b>19,584</b>	<b>(1,081)</b>	<b>(136,231)</b>	<b>12</b>	<b>1,323</b>
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Fixtures and fittings	21,389	964	(544)	(14,145)	25	7,689
Machinery and equipment	39,152	2,181	(2,133)	(37,313)	46	1,933
Vehicles	2,897	125	(603)	(1,068)	17	1,368
Furniture and office equipment	13,861	621	(895)	(7,198)	98	6,487
IT equipment	25,781	2,724	(3,439)	(21,121)	61	4,006
Tangible assets in progress	585	2,421	-	(1,034)	9	1,981
<b>Tangible assets</b>	<b>103,665</b>	<b>9,036</b>	<b>(7,614)</b>	<b>(81,879)</b>	<b>256</b>	<b>23,464</b>
Investments in subsidiaries and affiliates	1,784,921	134,085	(134,606)	133,713	-	1,918,113
Investments in non-consolidated companies	233	-	(2)	-	-	231
Deposits, guarantees and receivables	78,278	175,843	(35,914)	(2,864)	13	215,356
Treasury shares	8,792	101,604	(96,518)	2	-	13,879
<b>Long-term financial investments</b>	<b>1,872,224</b>	<b>411,532</b>	<b>(267,040)</b>	<b>130,850</b>	<b>13</b>	<b>2,147,579</b>
<b>TOTAL</b>	<b>2,094,928</b>	<b>440,152</b>	<b>(275,735)</b>	<b>(87,260)</b>	<b>281</b>	<b>2,172,366</b>

Reclassifications and other movements notably include the impacts of the spin-off of the Company's activities in France.

In April 2012, the Company set up a share buyback program in connection with its share-based payment plans in order to (i) deliver shares to beneficiaries of stock purchase options or performance share plans or (ii) cancel the repurchased shares.

At December 31, 2016, the Company held 742,625 own shares classified in long-term financial investments, i.e., 192,413 shares held in connection with the liquidity agreement and 550,212 shares to be canceled.

## Depreciation, amortization and impairment of non-current assets

(€ thousands)	01/01/2016	Increases	Decreases	Reclassifications and other movements	Currency translation differences	12/31/2016
Other intangible assets	(51,613)	(9,902)	803	59,510	(11)	(1,213)
<b>Intangible assets</b>	<b>(51,613)</b>	<b>(9,902)</b>	<b>803</b>	<b>59,510</b>	<b>(11)</b>	<b>(1,213)</b>
Buildings	(1)	-	-	1	-	-
Fixtures and fittings	(14,548)	(1,754)	527	9,656	(8)	(6,127)
Machinery and equipment	(30,163)	(2,749)	2,054	29,723	(25)	(1,160)
Vehicles	(2,079)	(345)	581	648	(16)	(1,211)
Furniture and office equipment	(10,644)	(856)	875	5,993	(63)	(4,695)
IT equipment	(21,991)	(2,652)	3,430	17,978	(50)	(3,286)
<b>Tangible assets</b>	<b>(79,426)</b>	<b>(8,356)</b>	<b>7,467</b>	<b>63,998</b>	<b>(162)</b>	<b>(16,479)</b>
Investments in subsidiaries and affiliates	(49,710)	(2,138)	10,449	-	-	(41,399)
Investments in non-consolidated companies	(147)	(3)	-	-	-	(150)
Deposits, guarantees and receivables	-	(5)	-	-	-	(5)
Treasury shares	-	-	-	-	-	-
<b>Long-term financial investments</b>	<b>(49,857)</b>	<b>(2,146)</b>	<b>10,449</b>	<b>-</b>	<b>-</b>	<b>(41,554)</b>
<b>TOTAL</b>	<b>(180,896)</b>	<b>(20,404)</b>	<b>18,719</b>	<b>123,508</b>	<b>(173)</b>	<b>(59,246)</b>

Reclassifications and other movements notably include the impacts of the spin-off of the Company's activities in France.

## Note 2 Investments in subsidiaries and affiliates

### A. Detailed information about subsidiaries and affiliates whose book value exceeds 1% of the reporting company's capital

(€ thousands)	Share capital in foreign currency	Reserves in foreign currency	Average exchange rate		% interest
			Currency	2016	
BV International	843,677	803,206	EUR	1.000	100.00%
Bureau Veritas Services	3,778	189,253	EUR	1.000	100.00%
BVHI	1	112,957	USD	0.903	100.00%
BV do Brasil	299,042	61,341	BRL	0.259	99.98%
BV Investment Shanghai	504,618	12,874	CNY	0.136	100.00%
BV Japan	351,071	283,181	JPY	0.008	93.77%
Bureau Veritas India	803	1,309,564	INR	0.013	100.00%
BVCPS India Ltd.	22,445	1,109,645	INR	0.013	100.00%
Bureau Veritas DOO SLV	499	1,411	EUR	1.000	100.00%
BV Peru	24,046	8,452	PEN	0.268	99.69%
BV Mexicana	66,369	39,144	MXN	0.048	99.96%
BV Argentina	4,541	333,655	ARS	0.061	61.20%
BV Guinea	803,590	8,717,658	GNF	0.000	100.00%
ECS	262	1,021	EUR	1.000	100.00%
BVCPS Indonesia	2,665	31,959	IDR	0.068	85.00%
BV Gabon	919,280	747,314	XAF	0.002	100.00%
BV Senegal	840,400	(446)	XOF	0.002	100.00%
Soprefira	1,262	31,071	EUR	1.000	99.98%
BV Certification Slovakia	423	68	EUR	1.000	100.00%
BVCPS Turkey	3,350	4,327	TRY	0.299	99.00%
BV Indonesia	15,429	48,767	IDR	0.068	99.00%
BV Colombia	1,542,236	9,588,017	COP	0.000	99.96%
BV Venezuela	389	39	VEF	0.099	100.00%
BVCPS Bangladesh	10	792,013	BDT	0.012	98.00%
BV Douala	433,050	189,855	XAF	0.002	100.00%
BV Nigeria	40,000	815,798	NGN	0.003	60.00%
<b>Affiliates (less than 50%-owned by the Company)</b>					
BV Inversiones SA	15,854	48,475	EUR	1.000	24.00%
BV Chile	2,192,953	14,504,345	CLP	0.001	48.68%
<b>SUBTOTAL</b>					

Book value of shares held		Loans and advances granted	Guarantees and endorsements provided by the Company	Last published revenue	Last published net profit/(loss)	Dividends received by the Company during the year
Gross	Net					
1,270,571	1,270,571	913,201			163,792	165,044
196,395	196,395	3,464			257	
110,492	110,492	218,488	189,735		34,662	
108,398	108,398			67,824	7,232	6,736
69,062	69,062		25,520	55,717	15,857	21,015
20,592	20,592			83,758	10,919	13,067
13,280	13,280			20,703	3,065	1,768
5,822	5,822			22,204	3,500	941
4,464	4,464			4,915	270	16
4,334	4,334			13,510	773	253
4,252	4,252			11,663	(537)	285
3,938	3,938	996		55,782	2,919	
2,099	660	280		1,047	(495)	
2,065	1,173	1,346		4,080	(201)	
1,901	1,901			6,848	1,476	
1,376	1,376	686		4,171	(335)	175
1,281	1,281		805	6,713	912	278
1,262	1,262		9,000		(587)	
1,144	1,144			1,572	88	163
1,138	1,138	2,860		10,753	(403)	522
1,072	1,072			18,902	3,429	1,898
809	809	5,627		13,998	(2,091)	1,297
782	782			8,494	1,740	337
675	675			19,905	5,815	4,398
657	657	1,682		4,084	(140)	
507	507			5,822	3,812	397
31,370	30,100	16,466			3,015	1,186
1,109	1,109	11,663		44,871	529	1,329
<b>1,860,850</b>	<b>1,857,249</b>	<b>1,176,759</b>	<b>225,060</b>	<b>487,338</b>	<b>259,271</b>	<b>221,103</b>

**B. General information about other subsidiaries and affiliates**

(€ thousands)	Share capital in foreign currency	Reserves in foreign currency	Average exchange rate		% interest
			Currency	2016	
BV Commodities Canada Ltd.	72,000	(64,751)	CAD	0.682	58.00%
Bureau Veritas Marine & Offshore	10,001	3,500	EUR	1.000	100.00%
Rinave Registro Int'l Naval	250	871	EUR	1.000	100.00%
BVCPS France	143	82	EUR	1.000	100.00%
Coreste	75	(1,886)	EUR	1.000	99.60%
BV QS Shanghai	5,308	25,408	CNY	0.136	100.00%
BV Lebanon	752,000	253,707	LBP	0.001	99.84%
BV Industrial Services	1,933	59,028	INR	0.013	100.00%
BV Vietnam	4,025	8,586	VND	0.040	100.00%
BV SATS	2,000	2,087	SAR	0.241	75.00%
BV Certification Belgium	219	34,345	EUR	1.000	99.98%
BV Gozetim Hizmetleri	2,241	12,455	TRY	0.299	94.17%
BVCPS Thailand	4,000	(12,134)	THB	0.026	99.99%
BV Certification Poland	1,470	3,137	PLN	0.229	86.40%
BV Mali	10,000	(8,634,129)	XOF	0.002	100.00%
BV CPS Vietnam Ltd.	2,388	50,626	VND	0.040	100.00%
BV Latvia	249	(1)	LVL	1.426	100.00%
BV Congo	69,980	704,085	XAF	0.002	100.00%
BV Hungary	8,600	3,349	HUF	0.003	100.00%
BV Bangladesh Private Ltd.	5,500	213,628	BDT	0.012	99.82%
BV Monaco	150	17	EUR	1.000	99.92%
BV Angola	1,980	(2,808,107)	AOA	0.006	99.00%
BVCPS Mexico	6,100	10,105	MXN	0.048	99.34%
BV Azeri	74	564	AZN	0.575	100.00%
BV Ecuador	3	167	USD	0.903	69.23%
BV Russia	1,500	(39,952)	RUB	0.013	100.00%
BV Panama	50	2,276	PAB	0.903	100.00%
BV Lanka Ltd.	5,000	71,203	LKR	0.006	99.99%
BV Varna	85	155	BGN	0.511	100.00%
BV Luxembourg	31	(97)	EUR	1.000	99.90%
BV Lithuania	43	1	LTL	0.290	100.00%
BV Romania	48	1,591	RON	0.223	100.00%
Bureau Veritas Controle	1,300	(134,807)	MZN	0.014	63.00%
BV Pakistan	2,000	101,710	PKR	0.009	99.00%
BV Inspection Malaysia		1,399	MYR	0.218	100.00%
BV Egypt	100	103,397	EGP	0.090	90.00%
BV Kenya	2,000	150,215	KES	0.009	99.99%
BV Belarus Ltd.	43,060	(2,630,477)	BYR	0.000	99.00%
BV Chad	10,000	2,054	XAF	0.002	100.00%
BV Estonia	15	(25)	EUR	1.000	100.00%
BV Algeria	500	78,154	DZD	0.008	99.80%
Bureau Veritas DOO SRB	315	4,577	RSD	0.008	100.00%
BV Togo	1,000	(167,596)	XOF	0.002	100.00%
BV Benin	1,000	35,279	XOF	0.002	100.00%
BV Holding 4	1		EUR	1.000	100.00%
<b>Affiliates (less than 50%-owned by the Company)</b>					
Bureau Veritas Marine China	50,000	84,527	CNY	0.136	6.00%
STCV	2,400	1,852	TND	0.421	49.88%
BV Fiscalizadora Boliviana SRL	100	1,810	BOB	0.132	1.00%
BV Thailand	4,000	20,798	THB	0.026	49.00%
ATSI – France	80	550	EUR	1.000	50.00%
BV Italy	4,472	9,134	EUR	1.000	11.63%
BV Chile Capacitacion Ltda	9,555	144,758	CLP	0.001	1.30%
BIVAC International	5,337	1,302	EUR	1.000	0.01%
BV Ukraine	45	1,156	UAH	1.000	0.00%
<b>TOTAL</b>					

Book value of shares held		Loans and advances granted	Guarantees and endorsements provided by the Company	Last published revenue	Last published net profit/(loss)	Dividends received by the Company during the year
Gross	Net					
31,971	1,358	58,372		19,210	1,026	
13,501	13,501					
4,378				507	209	200
1,496	175			4,037	97	
1,006		1,649			(19)	
591	591			30,154	1,127	2,475
446	446			3,344	294	410
356	356			2,697	543	306
273	273			5,213	716	949
266	266	905		4,700	(206)	
219	219			4,449	(23,457)	97,018
185	185			20,333	1,287	878
169		3,096		697	(342)	
152	152			13,587	2,291	2,008
149		17,332		6,393	(1,477)	
127	127			19,167	6,036	5,110
111	111			2,378	334	445
107	107	2,212		8,159	(712)	2,249
92	92			3,419	172	125
88	88			2,946	387	
79	79			1,194	164	369
73		5,462		17,688	1,284	
68	68			3,650	544	
60	60			5,021	554	
55	55			2,567	186	83
47	47	1,119		10,026	1,055	1,194
47	47			1,673	464	449
47	47			833	160	109
45	45			1,452	235	292
31		157			(75)	
30	30			2,564	317	415
28	28			4,970	1,020	1,063
27		3,152			(602)	
25	25			3,148	149	
23	23			1,392	396	174
22	22			6,539	13,355	
19	19	829		2,942	(45)	
15		155		459	(67)	
15		1,391		750	(41)	
15	15			2,220	305	312
5	5	734		1,705	131	
4	4			974	172	93
2	2	1,397		2,197	146	
2	2	74		571	7	
1	1					
346	346	163		68,479	15,047	1,159
230	230			4,439	649	293
99	99			7,345	966	
63	63			12,195	2,542	1,955
48	48				55	
9	9	2,973		81,674	7,367	807
1	1	306		1,144	263	34
		1,823			222	
				3,371	1,020	1,046
<b>1,918,113</b>	<b>1,876,714</b>	<b>1,280,060</b>	<b>225,060</b>	<b>891,909</b>	<b>295,524</b>	<b>343,122</b>

## Note 3 Equity

### Share capital

At December 31, 2016, share capital was composed of 442,000,000 shares, each with a par value of €0.12.

Changes in the number of shares comprising the share capital during the year were as follows:

<i>(in number of shares)</i>	2016	2015
At January 1	442,000,000	443,032,700
Capital reduction	(149,600)	(1,547,500)
Exercise of stock subscription options	149,600	514,800
<b>AT DECEMBER 31</b>	<b>442,000,000</b>	<b>442,000,000</b>

### Movements in equity in 2016

<i>(€ thousands)</i>	
Share capital at January 1, 2016	53,040
Capital reduction	(18)
Exercise of stock subscription options	18
<b>Share capital at December 31, 2016</b>	<b>53,040</b>
Share premium at January 1, 2016	42,249
Capital reduction	(2,993)
Exercise of stock subscription options	1,414
<b>Share premium at December 31, 2016</b>	<b>40,670</b>
Reserves at January 1, 2016	521,847
Retained earnings (2015 net profit appropriation)	279,221
Dividend payout	(222,771)
Currency translation differences and other movements	3,091
<b>Reserves at December 31, 2016</b>	<b>581,388</b>
Net profit for the year	382,063
Regulated provisions in 2016	974
<b>TOTAL EQUITY AT DECEMBER 31, 2016</b>	<b>1,058,135</b>

### Breakdown of equity at December 31, 2016

<i>(€ thousands)</i>	
Share capital	53,040
Share premium	40,670
Retained earnings	356,128
Legal reserve	5,316
Other reserves	219,944
Net profit for the year	382,063
Regulated provisions	974
<b>TOTAL EQUITY AT DECEMBER 31, 2016</b>	<b>1,058,135</b>

## Note 4 Receivables and payables

### Analysis of receivables

(€ thousands)	Gross Value	of which accrued income	1 year or less	More than 1 year
<b>Trade receivables</b>	<b>146,018</b>	<b>55,367</b>	<b>146,018</b>	
Social security taxes	260	260	260	
Income tax	32,002		32,002	
Other taxes, duties and similar levies	6,208		6,208	
Joint ventures and economic interest groupings	207		207	
Receivable from Group and associated companies	1,861,545		1,861,545	
Miscellaneous debtors	1,248	28	1,248	
<b>Other receivables</b>	<b>1,901,470</b>	<b>288</b>	<b>1,901,470</b>	
<b>Marketable securities</b>	<b>662,467</b>		<b>662,467</b>	
<b>Prepaid expenses</b>	<b>9,441</b>		<b>6,789</b>	<b>2,652</b>
<b>Bond redemption premiums</b>	<b>214</b>		<b>214</b>	
<b>TOTAL RECEIVABLES</b>	<b>2,719,610</b>	<b>55,655</b>	<b>2,716,958</b>	<b>2,652</b>

### Analysis of payables

(€ thousands)	Gross Value	of which accrued expenses	1 year or less	More than 1 year	More than 5 years
<b>Borrowings and debt</b>	<b>2,872,241</b>	<b>49,165</b>	<b>573,787</b>	<b>1,332,885</b>	<b>965,569</b>
<b>Trade payables</b>	<b>34,895</b>	<b>15,382</b>	<b>34,895</b>		
Payable to employees	79,071	78,555	79,071		
Social security taxes and other social taxes	2,052	628	2,052		
Value added tax	8,047		8,047		
Other taxes, duties and similar levies	27,830	27,781	27,830		
Payable to Group and associated companies	735,530		735,530		
Miscellaneous payables	13,017		13,017		
<b>Other payables</b>	<b>865,547</b>	<b>106,964</b>	<b>865,547</b>		
<b>Prepaid income</b>	<b>16,613</b>		<b>16,613</b>		
<b>TOTAL PAYABLES</b>	<b>3,789,296</b>	<b>171,511</b>	<b>1,490,842</b>	<b>1,332,885</b>	<b>965,569</b>

## Note 5 Provisions and impairment

### A. Impairment of assets

(€ thousands)	2016	2015
Long-term financial investments	41,554	49,857
Trade receivables	14,084	16,599
Other receivables	27,675	33,185
<b>IMPAIRMENT OF ASSETS</b>	<b>83,313</b>	<b>99,641</b>

Impairment recognized against other receivables mainly concerns current accounts of subsidiaries.

### B. Regulated provisions carried in liabilities

(€ thousands)	2016	2015
<b>REGULATED PROVISIONS</b>	<b>974</b>	<b>974</b>

Regulated provisions comprise accelerated tax amortization recognized on capitalized software costs and on acquisition fees for shares acquired since 2007.

### C. Provisions for liabilities and charges

(€ thousands)	2016	2015
Pensions and other employee benefits	40,863	113,484
Contract-related disputes	5,352	26,460
Provision for exchange losses	1,440	2,777
Other contingencies	30,495	63,709
Losses on completion	456	1,444
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>78,606</b>	<b>207,874</b>

The provision for pensions and other employee benefits takes into account a discount rate determined by reference to the yield on IBOXX Euro Corporate AA 10-year bonds. The discount rate was 1.71% for French businesses at December 31, 2016, compared with 2.05% at end-2015.

Movements during the year are shown below:

(€ thousands)	2016	2015
<b>At January 1</b>	<b>207,874</b>	<b>187,427</b>
Additions	45,580	52,537
Reversals (utilized provisions)	(38,165)	(20,922)
Reversals (surplus provisions)	(18,768)	(12,306)
Impact of the spin-off of the Company's activities in France	(118,083)	-
Other movements	168	1,138
<b>AT DECEMBER 31</b>	<b>78,606</b>	<b>207,874</b>

Within the ordinary course of business, the Company is involved in various disputes and legal actions seeking to establish its civil liability in connection with the services it provides.

Provisions resulting from such proceedings are calculated taking into account the Group's insurance policies. Based on the latest available information, these disputes will not have a material adverse impact on the Company's financial statements.

Other contingencies also include provisions for tax risks in the various tax jurisdictions in which the Company operates through its branches.

Regarding ongoing tax disputes, the Company received a tax adjustment proposal from the French tax authorities for fiscal years 2010 to 2014. Within the scope of the adversarial

proceedings, the Company presented the arguments allowing it to defend its position. Following the tax authorities' approval, the Company is exposed to a residual risk in respect of this dispute, and a provision has been set aside in this respect. The Company, with the help of its advisers, deems that the provisions presented in its financial statements reflect the best assessment as to the potential consequences of these disputes.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which the Company is aware that are pending or with which it is threatened) that could have, or have had over the last 12 months, a material impact on the Company's financial position or profitability.

## Note 6 Off-balance sheet commitments

### A. Guarantees given

Commitments given by the Company in the form of guarantees break down as follows:

(€ thousands)	2016	2015
<b>Commitments given</b>	<b>331,399</b>	<b>293,785</b>
Bank guarantees on contracts	67,751	65,978
Miscellaneous bank guarantees	17,322	17,047
Parent company guarantees	246,326	210,760

### B. Commitments related to Company financing

#### Undrawn committed credit lines

At December 31, 2016, the Company has an undrawn committed syndicated borrowing facility totaling €450 million.

#### Credit lines carried in the books of Bureau Veritas Holding Inc.

Bureau Veritas Holding Inc., a wholly-owned subsidiary, has a USD 200 million bank financing facility that is secured by the Company.

### C. Derivative financial instruments

At December 31, 2016, currency derivatives hedging sterling-denominated tranches of the USPP debt were as follows:

Maturity	Notional amount	Fair value of derivative
07/16/2018	GBP 23 million	(2.4)
07/16/2020	GBP 40 million	(5.7)
<b>TOTAL AT DECEMBER 31, 2016</b>		<b>(8.1)</b>

The Company has set up multi-currency foreign exchange derivatives hedging the euro. These instruments are set up on a centralized basis and are designed to protect the Group against currency risk arising on intra-group loans and a portion of its external debt with credit institutions.

Foreign exchange derivatives maturing within one year (currency swaps and forward purchases and sales) in place at December 31, 2016 were as follows:

Currency	Notional amount (millions of currency units)	Fair value of derivative
USD	423.0	0.9
CAD	(370.5)	(3.4)
ZAR	(129.4)	(0.1)
SGD	(59.3)	0.2
RUB	(81.3)	0.1
PLN	8.0	-
JPY	1,205.3	(0.1)
GBP	(32.3)	0.9
CNY	(1.2)	(0.2)
AUD	121.9	(2.4)
SEK	(101.7)	(0.2)
DKK	(68.5)	-
CZK	(129.0)	-
NOK	(12.9)	-
CHF	(3.4)	-
<b>TOTAL AT DECEMBER 31, 2016</b>		<b>(4.3)</b>

The Company had no interest rate hedges at year-end.

## Note 7 Analysis of revenue and other income

### Analysis of revenue by business

(€ thousands)	2016	2015
Marine & Offshore	174,484	174,195
Industry	159,569	153,264
In-Service Inspection & Verification	283,565	281,864
Construction	238,625	235,233
Certification	31,656	39,206
Commodities	4,958	3,947
Consumer Products	32	1,526
Government Services & International Trade	57,592	63,528
<b>TOTAL</b>	<b>950,481</b>	<b>952,763</b>

### Analysis of revenue by geographic area

(€ thousands)	2016	2015
France	686,749	686,961
EMEA	220,393	218,345
Americas	362	439
Asia Pacific	42,977	47,018
<b>TOTAL</b>	<b>950,481</b>	<b>952,763</b>

The EMEA region includes Europe (excluding France), Africa and the Middle East.

## Analysis of other operating income

(€ thousands)	2016	2015
Group royalties	215,659	219,568
Amounts rebilled in respect of employees on secondment and other fees rebilled to Group companies	74,716	66,518
Amounts rebilled to Group companies employing beneficiaries of share-based payments	15,224	8,893
Other	15,437	19,964
<b>TOTAL</b>	<b>321,036</b>	<b>314,943</b>

## Note 8 Net Financial income (expense)

(€ thousands)	2016	2015
<i>Financial income</i>		
Dividends	343,122	186,146
Income from other marketable securities and receivables on non-current assets	302	610
Other interest income	19,517	14,900
Reversals of provisions	21,402	8,119
Exchange gains	62,130	85,858
<b>Total</b>	<b>446,473</b>	<b>295,633</b>
<i>Financial expense</i>		
Additions to provisions	(9,128)	(12,764)
Interest expense	(91,213)	(88,569)
Exchange losses	(58,070)	(85,028)
<b>Total</b>	<b>(158,411)</b>	<b>(186,361)</b>
<b>NET FINANCIAL INCOME</b>	<b>288,062</b>	<b>109,272</b>

## Note 9 Net exceptional income (expense)

(€ thousands)	2016	2015
<i>Exceptional income</i>		
On management transactions	988	816
On capital transactions	7,511	61,332
Reversals of provisions	37,695	7,932
<b>Total</b>	<b>46,194</b>	<b>70,080</b>
<i>Exceptional expense</i>		
On management transactions	(835)	(728)
On capital transactions	(13,977)	(6,139)
Additions to provisions	(7,513)	(28,030)
<b>Total</b>	<b>(22,325)</b>	<b>(34,897)</b>
<b>NET EXCEPTIONAL INCOME</b>	<b>23,869</b>	<b>35,183</b>

## Note 10 Income tax

### Breakdown of current and exceptional income tax

(€ thousands)	2016		2015	
	Amount before income tax	Income tax	Amount before income tax	Income tax
Profit from ordinary operations	436,147	66,869	288,140	42,489
Net exceptional income	23,869	(79)	35,183	6

### Tax consolidation

In accordance with article 223A of the French Tax Code, the Company is the sole Group entity liable for income tax payable in respect of fiscal years beginning on or after January 1, 2008.

The tax consolidation group comprises

BIVAC International, Bureau Veritas Certification France, Bureau Veritas Certification Holding, Bureau Veritas CPS France, Bureau Veritas Services France, Bureau Veritas Construction, Bureau Veritas Exploitation, Bureau Veritas International, Bureau Veritas Laboratoires, CEPI, Codde, ECS, Halec, LCIE, Mediquial, Oceanic

Développement, Bureau Veritas Services, SOD.I.A, Tecnicas, HydroOcean and Unicar Group.

Under tax consolidation rules, subsidiaries pay contributions in respect of income tax. Regardless of the tax effectively due, these contributions shall be equal to the income tax for which the subsidiary would have been liable or to the net long-term capital gain for the period had it been taxed as a separate entity, less all deduction entitlements that would have applied to the separately taxable entity.

### Deferred tax

(€ thousands)	2016	2015
Deferred tax assets	21,527	58,444
Deferred tax liabilities	(24)	(0)
<b>NET DEFERRED TAX ASSETS</b>	<b>21,503</b>	<b>58,444</b>

Deferred taxes at December 31, 2016 are presented after offsetting deferred tax assets and deferred tax liabilities relating to the same tax entity or tax group, where applicable, and primarily comprise deferred tax on provisions for pensions and other employee benefits, non-deductible accrued charges, and provisions for contract-related disputes.

The sharp year on year decrease in this item is attributable to the impacts of the spin-off of the Company's activities in France.

## Note 11 Executive compensation

(€ millions)	2016	2015
Compensation	7.1	7.1

Executive compensation includes amounts paid to members of the Board of Directors and key senior managers of the Company in the form of attendance fees or as consideration for their various duties within the Company.

## Note 12 Share-based payment

The Company has set up two types of equity-settled compensation plans:

- stock subscription and purchase option plans;
- performance share plans.

### Stock subscription and purchase option plans

#### Description

Stock subscription and purchase options are granted to senior managers and other selected employees.

Stock purchase option plans granted since 2011 will require the Group to buy back its shares on the market, whereas stock option plans granted up to 2010 concerned stock subscription options which entitled their holders to subscribe for newly issued shares on exercise of their options.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Depending on the plans, options are conditional on the employee having completed three years' service and are valid for eight to ten years after the grant date.

The exercise price is fixed when the options are awarded and cannot be changed.

Pursuant to a decision of the Board of Directors on June 21, 2016, the Company awarded 1,312,400 stock purchase options to certain Group employees and to the Corporate Officer. The options granted may be exercised at a fixed price of €19.35.

To be eligible for the stock options plans, beneficiaries must complete a minimum period of service and meet certain performance targets based on 2016 adjusted consolidated operating profit and on the consolidated operating margin for 2017 and 2018.

### OVERVIEW OF COMPANY STOCK OPTION PLANS AT DECEMBER 31, 2016

Grant date	Expiration date	Exercise price (in euros per option)	Number of options		Contribution basis (in euros per option)
			2016	2015	
06/09/2008 Plan	06/09/2016	9.59	-	105,600	0.24
07/03/2009 Plan	07/03/2017	8.75	234,000	266,000	0.22
07/23/2010 Plan	07/23/2018	11.58	312,000	324,000	0.25
07/18/2011 Plan	07/18/2019	14.42	368,000	382,000	0.29
12/14/2011 Plan	12/14/2019	13.28	78,480	78,480	0.32
07/18/2012 Plan	07/18/2020	17.54	1,126,186	1,249,794	0.87
07/22/2013 Plan	07/22/2021	21.01	1,111,594	1,167,973	0.71
07/16/2014 Plan	07/16/2022	20.28	771,527	824,509	0.60
07/15/2015 Plan	07/15/2025	20.51	1,248,250	1,278,000	0.83
06/21/2016 Plan	06/21/2026	19.35	1,300,400	-	0.70
<b>NUMBER OF OPTIONS AT DECEMBER 31</b>			<b>6,550,437</b>	<b>5,676,356</b>	

### Performance share plans

#### Description

Pursuant to a decision of the Board of Directors, on July 22, 2013 the Company awarded performance shares to certain Group employees and to the Corporate Officer. To be eligible for the performance share plans, beneficiaries must complete a minimum period of service and meet certain performance targets based on 2013 adjusted consolidated operating profit and the consolidated operating margin for 2014 and 2015. Shares awarded in France are subject to a two-year non-transferability period.

Pursuant to a decision of the Board of Directors, on July 22, 2013 the Company awarded 800,000 performance shares to the Corporate Officer. The conditions for the share award were amended pursuant to a decision of the Board of Directors of December 11, 2015 and the shares are now subject to a minimum service period of nine years as Corporate Officer, followed by a two-year mandatory holding period, and a performance target

based on the total shareholder return (TSR). TSR is an indicator of the profitability of the Company's shares over a given period, taking into account the dividend and any market share price gains.

Pursuant to a decision of the Board of Directors, on July 16, 2014 the Company awarded performance shares to certain Group employees and to the Corporate Officer. To be eligible for the performance share plans, beneficiaries must complete a minimum period of service and meet certain performance targets based on 2014 adjusted consolidated operating profit and the consolidated operating margin for 2015 and 2016. Shares awarded in France are subject to a two-year non-transferability period.

Pursuant to a decision of the Board of Directors, on July 15, 2015 the Company awarded performance shares to certain Group employees and to the Corporate Officer. To be eligible for the performance share plans, beneficiaries must complete a minimum period of service and meet certain performance targets based on 2015 adjusted consolidated operating profit and the consolidated operating margin for 2016 and 2017. Shares awarded in France are subject to a two-year non-transferability period.

Pursuant to a decision of the Board of Directors, on June 21, 2016 the Company awarded performance shares to certain Group employees and to the Corporate Officer. To be eligible for the performance share plans, beneficiaries must complete a minimum

period of service and meet certain performance targets based on 2016 adjusted consolidated operating profit and the consolidated operating margin for 2017 and 2018.

## OVERVIEW OF COMPANY PERFORMANCE SHARE PLANS AT DECEMBER 31, 2016

Grant date	Expiration date	Number of shares		Contribution basis (in euros per share)
		2016	2015	
07/18/2012 Plan	07/18/2016	-	783,800	4.44
07/22/2013 Plan	07/22/2017	632,222	1,201,962	5.25
07/22/2013 Plan	07/22/2022	720,000	770,000	1.73
07/16/2014 Plan	07/16/2018	826,365	890,719	4.70
07/15/2015 Plan	07/15/2019	1,048,998	1,093,350	4.95
06/21/2016 Plan	06/21/2019	1,110,850	-	3.87
<b>NUMBER OF SHARES AT DECEMBER 31</b>		<b>4,338,435</b>	<b>4,739,831</b>	

### Performance shares and stock purchase options awarded to beneficiaries not directly employed by the Company

The cost of awarding performance shares to beneficiaries not directly employed by the Company is borne by the Company through its purchases of shares on the market.

In 2016, the Company therefore recognized the estimated cost of performance shares and exercisable stock options awarded to beneficiaries not directly employed by the Company under the new 2016 plan.

In parallel, the Company continued to implement a procedure under which the cost of the awards made to these beneficiaries are rebilled to the Group companies employing them. Income totaling €15.2 million was recognized in this respect in 2016 (€8.9 million in 2015).

### Impact of share-based payment plans on the Company's financial statements

In 2016, the Company recognized a total expense of €21.0 million (€22.9 million in 2015) in respect of share-based payment plans. The expense reflects the cost of the shares to be delivered, estimated based on the price of the purchases made between 2013 and 2016, and the closing share price at December 31, 2016. In 2015, the expense reflected purchases made between 2013 and 2015 and the closing share price at December 31, 2015.

At December 31, 2016, the liability (amount payable to employees) amounted to €64.1 million (end-2015: €68.2 million).

At December 31, 2016, the Company held 4,528,408 of its own shares for delivery under stock option and performance share plans. These shares are shown on a separate asset line in the balance sheet for €88.5 million (€79.8 million at end-2015).

## Note 13 Employees

	2016	2015
Employees	8,581	8,523

The average headcount for the period does not take account of the impact of the spin-off of the Company's activities in France, which impacted approximately 6,500 employees.

## Note 14 CICE tax credit

In 2016, the Company recognized €7.6 million as a deduction of personnel costs in respect of the CICE tax credit introduced in France to boost competitiveness and employment (2015: €7.3 million).

This amount allowed the Company to improve its competitiveness, notably by funding investment, research, training, recruitment, innovation, and new market prospection efforts.

## Statutory Auditors' report on the financial statements

For the year ended December 31, 2016

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Bureau Veritas;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### 1. Opinion on the financial statements

---

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

### 2. Justification of our assessments

---

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As described in the "Long-term investments" section of the summary of accounting policies note to the financial statements, your Company measures the impairment of its investments based on value in use and by reference to the specific characteristics of each subsidiary. As part of our assessment of the significant estimates made to prepare the financial statements, we examined the relevance of the methods used by the Company.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### 3. Specific verifications and information

---

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 15, 2017  
The Statutory Auditors

PricewaterhouseCoopers Audit  
Christine Bouvry

ERNST & YOUNG Audit  
Nour-Eddine Zanouda

## 5.3 Additional information regarding the Company in view of the approval of the 2016 financial statements

### 5.3.1 Activity and results of the parent company

(in €)	2016	2015
Revenue	950,481,164.77	952,762,941.93
Operating profit	148,085,203.07	178,868,371.10
Net exceptional income	23,868,868.53	35,182,237.03
Net profit	382,063,214.64	279,221,081.91
Equity	1,058,135,459.04	897,330,992.63

The bases of presentation and measurement used to prepare the annual statutory financial statements are identical to those adopted in previous years.

### 5.3.2 Recommended appropriation of 2016 net profit

The Board of Directors informs the shareholders that as of December 31, 2016:

- the legal reserve stood at €5,316,392.40 compared to share capital of €53,040,000.00, and therefore represents one-tenth of the share capital;
- net profit for the period was €382,063,214.64. Based on retained earnings of €356,128,019.84 at December 31, 2016, the Company's distributable profit amounted to €738,191,234.48.

The Board will recommend the following profit appropriation to shareholders:

- a dividend of €0.55 per share, representing a total amount of €243,100,000.00 based on the number of shares making up the share capital at December 31, 2016 (442,000,000 shares);
- the balance of €495,091,234.48 to be allocated to "Retained earnings".

In accordance with article L. 158-3 paragraph 2 of the French tax code (*Code général des impôts*), individual shareholders who are resident in France for tax purposes are eligible for a 40% tax deduction on the amount of any dividends they receive. Nevertheless, the Company will withhold 21% at source from the gross amount of the dividend (plus social contributions at a rate of 15.5%). The 21% withholding at source is an advance income tax payment and will therefore be deductible from the income tax due by the beneficiary in 2018 based on the income received in 2017.

The dividend will be paid as of May 22, 2017.

Shareholders will be asked to approve any dividends unable to be paid on treasury shares to be allocated to "Retained earnings". More generally, in the event of a change in the number of shares carrying dividend rights, it will be recommended that the overall amount of said dividend be adjusted accordingly and the amount allocated to "Retained earnings" be determined on the basis of the dividend actually paid.

## DIVIDEND PAYOUTS OVER THE LAST THREE FINANCIAL YEARS

The following dividends were paid over the last three financial years:

Year	Total amount distributed	Number of shares concerned	Dividend per share <sup>(d)</sup>
2013	€209,513,296.80	436,486,035	€0.48 <sup>(a)</sup>
2014	€209,809,271.04	437,102,648	€0.48 <sup>(b)</sup>
2015	€222,770,924.85	436,805,735	€0.51 <sup>(c)</sup>

(a) The dividend per share was paid in 2014.

(b) The dividend per share was paid in 2015.

(c) The dividend per share was paid in 2016.

(d) In accordance with article 243 bis of the French tax code, these dividends entitle the shareholders to the 40% deduction referred to in article 158, paragraph 3 (2) of the French tax code.

The dividend distribution policy is set out in section 6.8.2 – Dividend distribution policy of this Registration document.

### 5.3.3 Total sumptuary expenditure and related tax

In accordance with the provisions of article 223 quater of the French tax code, it should be noted that the Company's financial statements for the year ended December 31, 2016 take into account an amount of €1,097,912.36 in non-deductible expenditure within the meaning of article 39-4 of the French tax code, resulting in a tax effect of €378,047.79. This non-deductible expenditure will be submitted to the Shareholders' Meeting for approval.

### 5.3.4 Subsidiaries and affiliates

The table illustrating the Company's subsidiaries and affiliates can be found in Note 2, Chapter 5.2 – Statutory financial statements of this Registration document.

### 5.3.5 Five-year financial summary

(in thousands of euros except per-share data expressed in euros)

	2016	2015	2014	2013	2012
<b>I – Financial position</b>					
a) Share capital	53,040	53,040	53,164	53,045	13,260
b) Number of shares issued <sup>(a)</sup>	442,000,000	442,000,000	443,032,700	442,042,000	110,498,636
c) Number of bonds convertible into shares	-	-	-	-	-
<b>II – Comprehensive income from operations</b>					
a) Revenue excluding taxes	950,481	952,763	869,571	873,573	886,346
b) Profit before taxes, depreciation, amortization and provisions	446,260	358,454	350,388	167,858	177,858
c) Income tax	66,790	42,495	27,069	37,730	23,992
d) Profit after taxes, depreciation, amortization and provisions	382,063	279,221	281,313	89,594	126,996
e) Distributed profit <sup>(b)</sup>	243,100	222,771	209,809	209,513	200,442
<b>III – Earnings per share data</b>					
a) Profit after taxes, but before depreciation, amortization and provisions <sup>(a)</sup>	0.86	0.71	0.73	0.29	1.39
b) Profit after taxes, depreciation, amortization and provisions <sup>(a)</sup>	0.86	0.63	0.63	0.20	1.15
c) Net dividend per share <sup>(b)(c)</sup>	0.55	0.51	0.48	0.48	1.83
<b>IV – Personnel costs</b>					
a) Number of employees <sup>(d)</sup>	8,581	8,523	8,282	8,457	8,624
b) Total payroll	396,496	402,571	373,216	390,590	398,969
c) Total amount paid in respect of employee benefits	159,430	162,891	150,806	155,160	158,380

(a) Data for years 2013 and after take into account the capital transactions carried out in June 2013 (fourfold increase in the number of shares and the four-for-one stock split). In 2016, the share capital comprised 442,000,000 shares, each with a par value of €0.12, following:

- 149,600 shares subscribed further to the exercise of options; and
- 149,600 shares canceled.

(b) The dividend for 2016 will be recommended to shareholders at the Shareholders' Meeting of May 16, 2017.

(c) For the purpose of comparison, the dividend of €1.83 paid in 2012 is equivalent to an amount of €0.46 per share, on a pro-forma basis and before the four-for-one stock split.

(d) The headcount for 2016 does not take account of the impacts of the spin-off of the Company's activities in France, as described in Note 13, section 5.2 "2016 statutory financial statements".

### 5.3.6 Information regarding supplier payment terms

Since December 1, 2008, the Company has applied the provisions of the French economic modernization (“LME”) Act and paid its suppliers at 60 days. Contracts with suppliers and payments have been adapted accordingly.

In accordance with articles L. 441-6-1 and D. 441-4 of the French commercial code (*Code de commerce*), the Company’s French holding activity (taking account of the impact of spin-off of the Company’s activities in France) had outstanding trade payables totaling €4,831,886 (excluding unbilled payables) at December 31, 2016, breaking down as follows.

(€ thousands)	Amount outstanding	Due date (in days)				
		Current	31-60	61-90	91-120	More than 120
Payable in respect of goods and services	4,831,886	2,501,345	119,428	0	2,127	2,208,986
Ratio (%)	100%	51.77%	2.47%	0.00%	0.04%	45.72%

At end-December 2015, outstanding trade payables for French activities (excluding unbilled payables) totaled €32,911,719, as follows:

(€ thousands)	Amount outstanding	Due date (in days)				
		Current	31-60	61-90	91-120	More than 120
Payable in respect of goods and services	32,911,719	27,481,382	475,451	1,029,755	538,406	3,386,725
Ratio (%)	100%	83.50%	1.44%	3.13%	1.64%	10.29%

# 5

## Financial statements

# 6

## Information on the Company and the capital

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Components of the Annual Financial Report are identified in this table of contents with the sign **RFA**

## 6.1 General information

---

### Corporate name

Bureau Veritas

### Registered office

Immeuble Newtime – 40/52, boulevard du Parc – 92200 Neuilly-sur-Seine – France

Tel.: +33 (0) 1 55 24 70 00 – Fax: +33 (0) 1 55 24 70 01

### Registration place and number

Bureau Veritas is registered with the Nanterre Trade and Companies Register (*Registre du commerce et des sociétés*) under number 775690621. The Company's APE Code, which identifies the type of business it carries out, is 7120B, corresponding to the business of technical analyses, trials and inspections.

### Date of incorporation and term

The Company was incorporated on April 2 and 9, 1868, by Maître Delaunay, notary in Paris. Its incorporation will expire, unless wound up or extended by an Extraordinary Shareholders' Meeting in accordance with the law and its by-laws, on December 31, 2080.

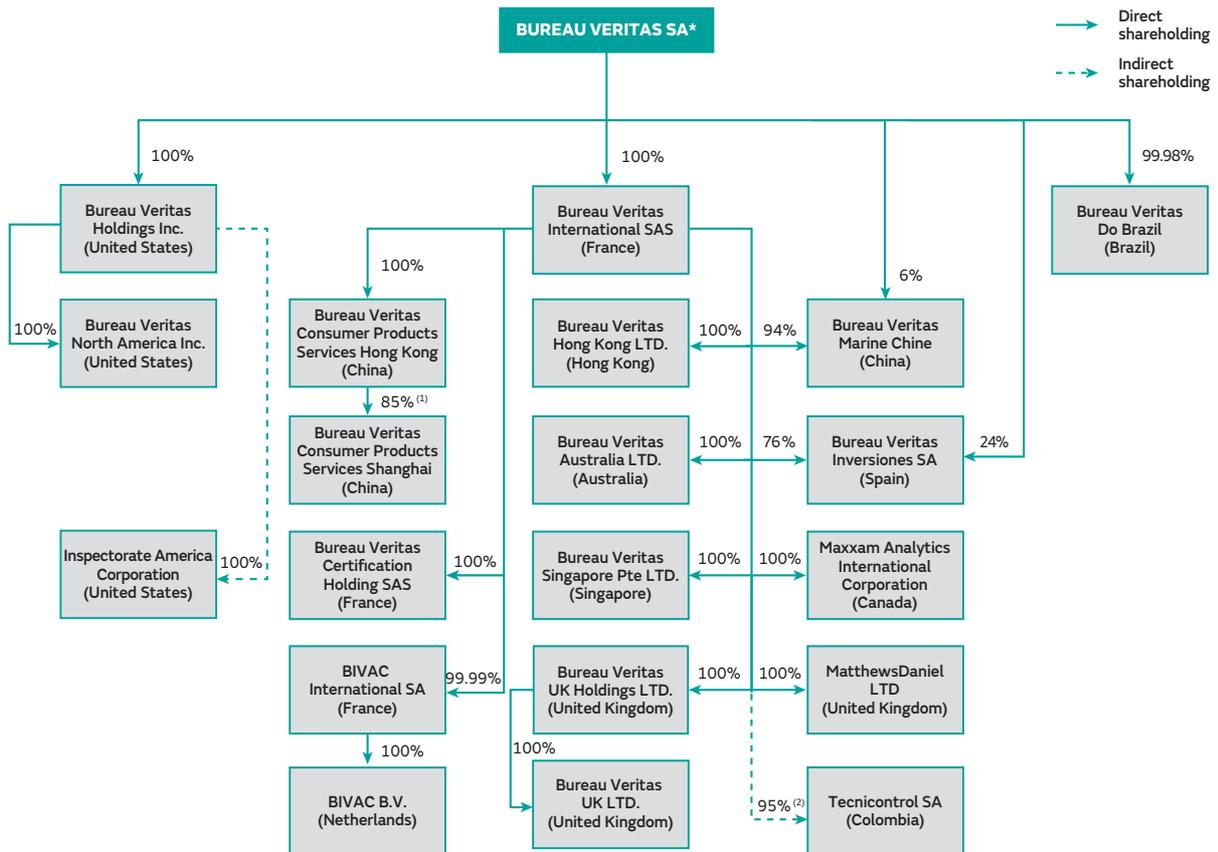
### Legal form and applicable legislation

The Company is a joint stock company (*société anonyme*) under French law with a Board of Directors and is subject to the provisions of Book II of the French Commercial Code (*Code de commerce*) applicable to commercial companies and to any other legal provisions applicable to commercial companies and to its by-laws.

### Accounting period

January 1 to December 31 each year.

## 6.2 Simplified Group organization chart at December 31, 2016



\* The section on Bureau Veritas SA is covered in the following section.  
 (1) 15% owned by Shanghai Inspection Cy  
 (2) 5% owned by Bureau Veritas Services

The percentage interest shown in the organization chart above equates to the percentage of control.

## **Changes to the internal organization of Bureau Veritas SA after December 31, 2016**

---

The Board of Directors of Bureau Veritas SA submitted an internal reorganization project for shareholder approval at the Extraordinary Shareholders' Meeting on October 2016. The project was approved and the new structure took effect on December 31, 2016.

The purpose of the reorganization was to respond to regulatory constraints governing conflicts of interest and to increase the visibility of the Group's France-based operations and support activities, which were hosted by Bureau Veritas SA. Bureau Veritas SA now hosts six activities within six wholly-owned Group subsidiaries, created by means of partial asset contributions. These activities are:

- Marine & Offshore, within Bureau Veritas Marine & Offshore – Registre International de Classification de Navires et de Plateformes Offshore SAS;
- Government Services & International Trade (GSIT), within Bureau Veritas GSIT SAS;
- Inspection and Technical Services, for services provided in France including In-Service Inspection & Verification, Health, Safety and Environment and Asset Management on existing constructions, within Bureau Veritas Exploitation SAS;
- Construction, for services provided in France including Technical Control, Asset Management on new constructions and Coordination of Safety and Health Procedures, within Bureau Veritas Construction SAS;
- France Support, dedicated to support functions in France, within Bureau Veritas Services France SAS;
- Group Support, dedicated to support functions provided in France for the Group worldwide, within Bureau Veritas Services SAS.

## 6.3 Main subsidiaries in 2016

The Group is made up of Bureau Veritas SA and its branches and subsidiaries. At the head of the Group, Bureau Veritas SA owns holdings in the principal subsidiaries in France and elsewhere. In addition to its activity as a holding company, it also engaged in its own business activity until December 31, 2016, comprising the French operations of all the Group's businesses (except Consumer Products), which is represented by branches in France and abroad.

Bureau Veritas SA reported revenue of €950 million in 2016.

The main cash flows between Bureau Veritas SA and its consolidated subsidiaries relate to brand royalties and technical royalties, centralized cash management and invoicing of relevant amounts for insurance coverage. The main cash flows between Bureau Veritas and its subsidiaries are also presented in the special reports of the Statutory Auditors on related-party agreements, which are set out in the related-party transactions section of this chapter.

The Group had 492 legal entities at December 31, 2016 compared to 487 at December 31, 2015, reflecting the creation of eight new

entities, the consolidation of 27 acquired entities and a reduction of 30 entities as part of the Group's streamlining initiative.

A description of the Group's 20 main direct and indirect subsidiaries is provided below.

Most of these are holding companies for the Group's businesses in each country. A description of the business activities of the operational subsidiaries is also provided. A list of the Group's subsidiaries is included in Note 38 – Scope of consolidation to the 2016 consolidated financial statements, in section 5.1 of this Registration document.

The selected subsidiaries met at least one of the following five criteria during one of the last two financial years: i) the carrying amount of the entity's securities recorded in Bureau Veritas SA's statement of financial position exceeded €50 million; ii) the entity represented at least 5% of consolidated equity; iii) the entity represented at least 5% of consolidated net profit; iv) the entity represented at least 5% of consolidated revenue; and v) the entity represented at least 5% of total consolidated assets.

### Bureau Veritas Holding Inc. (United States)

Bureau Veritas Holding Inc. is a US-based company incorporated in June 1988 whose registered office is located at 1601 Sawgrass Corporate Parkway, Ste 400, Fort Lauderdale, FL 33323, United States. It is a wholly-owned holding company of Bureau Veritas SA whose primary corporate purpose is to hold interests in the North American subsidiaries.

### Bureau Veritas North America Inc. (United States)

Bureau Veritas North America Inc. is a US-based company whose registered office is located at 1601 Sawgrass Corporate Parkway, Ste 400, Fort Lauderdale, FL 33323, United States. The company is a wholly-owned subsidiary of Bureau Veritas Holding Inc. It provides health, safety and environmental services, as well as construction management services. In 2016, it recorded external revenue of USD 139.4 million (€126 million).

### Inspectorate America Corporation (United States)

Inspectorate America Corporation Inc. is a US-based company whose registered office is located at 12000 Aerospace Avenue, Suite 200, Houston, Texas 77034, United States. The company has been indirectly wholly-owned by Bureau Veritas Holding Inc. since September 2010, following the Group's acquisition of the Inspectorate group. The company's main activity is inspecting and testing oil and petrochemical products, metals and minerals and agricultural products. In 2016, it recorded external revenue of USD 173.9 million (€157.1 million).

### Bureau Veritas International SAS (France)

Bureau Veritas International SAS is a French simplified joint stock company (*société par actions simplifiée*) whose registered office is located at 67/71, boulevard du Château, 92200 Neuilly-sur-Seine, France. The company was incorporated in March 1977 under the name of "Le Contrôle Technique" (LCT). It is a holding company that controls certain foreign subsidiaries and is a wholly-owned subsidiary of Bureau Veritas SA.

## Bureau Veritas Consumer Products Services Hong Kong Ltd. (Hong Kong, China)

Bureau Veritas Consumer Products Services Hong Kong Ltd. is a Chinese company incorporated in November 1985 whose registered office is located at 7F Octa Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong. It is a wholly-owned subsidiary of Bureau Veritas International SAS and its main activity is providing internal services for the Consumer Products business.

## Bureau Veritas Consumer Products Services Shanghai (China)

Bureau Veritas Consumer Products Services Shanghai Co. Ltd. (formerly MTL Shanghai) is a Chinese company incorporated in 1996 whose registered office is located at 168, Guanghua Road, Minhang District, Shanghai 201 108, China. It is 85%-owned by Bureau Veritas Consumer Products Services Hong Kong Ltd. Its core business is providing Consumer Products services. In 2016, it recorded external revenue of CNY 473.3 million (€64.4 million).

## Bureau Veritas Certification Holding SAS (France)

Bureau Veritas Certification Holding SAS is a French simplified joint stock company (*société par actions simplifiée*) whose registered office is located at 67/71, boulevard du Château, 92200 Neuilly-sur-Seine, France. Founded in March 1994, Bureau Veritas Certification Holding SAS is a wholly-owned subsidiary of Bureau Veritas International SAS. It controls most of the Certification subsidiaries.

## BIVAC International SA (France)

BIVAC International SA is a French joint stock company (*société anonyme*) whose registered office is located at 67/71, boulevard du Château, 92200 Neuilly-sur-Seine, France. BIVAC International SA was founded in March 1991 as a holding company and headquarters for the Government Services & International Trade (GSIT) business. It is a 99.99% -owned subsidiary of Bureau Veritas International SAS.

## BIVAC BV Rotterdam (Netherlands)

BIVAC BV Rotterdam is a Dutch joint stock company incorporated in September 1984 whose registered office is located at Vissersdijk 223-241, 3011 GW Rotterdam, Netherlands. BIVAC BV Rotterdam is a wholly-owned subsidiary of BIVAC International SA. Its main business is to manage support operations for Government Services. In 2016, it recorded external revenue of €49.3 million.

## Bureau Veritas Hong Kong Ltd. (Hong Kong, China)

Bureau Veritas Hong Kong Ltd. is a Chinese company incorporated in October 2004 whose registered office is located at 7F Octa Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong. Bureau Veritas Hong Kong Ltd. is a wholly-owned subsidiary of Bureau Veritas International SAS and has subsidiaries in Asia. Apart from its activity as a holding company, it carries out operational activities and recorded HKD 1,576 million in external revenue (€183.5 million) in 2016.

## Bureau Veritas Australia Pty. Ltd. (Australia)

Bureau Veritas Australia Ltd. is an Australian company incorporated in 1999 whose registered office is located at Unit 3, 435 Williamstown Road, Port Melbourne, VIC3207, Australia. It is a holding company for the Group's businesses in Australia and is wholly-owned by Bureau Veritas International SAS. It also carries out certification and compliance assessments of industrial processes. In 2016, this operating activity recorded AUD 7.9 million in revenue (€5.3 million).

## Bureau Veritas UK Holdings Ltd. (United Kingdom)

Bureau Veritas UK Holdings Ltd. is a British company incorporated in November 2005 whose registered office is located at Suite 308, Fort Dunlop, Fort Parkway, Birmingham, West Midlands, B24 9FD, United Kingdom. Bureau Veritas UK Holdings Ltd. is a wholly-owned subsidiary of Bureau Veritas International SAS and owns the Group's operating assets (excluding Marine & Offshore) in the United Kingdom.

## Bureau Veritas UK Ltd. (United Kingdom)

Bureau Veritas UK Ltd. is a British company incorporated in October 1983 whose registered office is located at Brandon House, 180 Borough High Street, London, SE1 1LB, United Kingdom. Bureau Veritas UK Ltd., previously named "Plant Safety Ltd", then "Bureau Veritas Inspection Ltd.", is a wholly-owned subsidiary of Bureau Veritas UK Holdings Ltd. Its main business is In-Service Inspection & Verification. In 2016, it recorded external revenue of GBP 69.7 million (€85.1 million).

## MatthewsDaniel Ltd. (United Kingdom)

MatthewsDaniel Ltd. is a British holding company incorporated on November 4, 2009 whose registered office is located at 10 Fenchurch Street (10<sup>th</sup> floor), London, EC3M 3BE, United Kingdom. It is a wholly-owned subsidiary of Bureau Veritas International SAS, and owns the main operating assets of MatthewsDaniel, a provider of loss adjustment and risk assessment services for the offshore industry which was acquired in 2014.

## Bureau Veritas Marine China Co. Ltd. (China)

Bureau Veritas Marine China Co. Ltd. is a Chinese company incorporated in 2009 whose registered office is located at Room A, Floor 5, No. 1288 Wai Ma Road, Huangpu District, Shanghai 200011, China. Bureau Veritas Marine China is a 94%-owned subsidiary of Bureau Veritas International SAS (France) and a 6%-owned subsidiary of Bureau Veritas SA (France). The company is primarily involved in providing Marine services. In 2016, it recorded external revenue of CNY 435.3 million (€59.2 million).

## Bureau Veritas Inversiones SA (Spain)

Bureau Veritas Inversiones SA is the parent company of the ECA group, acquired by Bureau Veritas in October 2007. Established in 2003, its registered office is located at Cami Can Ametller 34, Edificio Bureau Veritas, 08195 Sant Cugat del Vallès, Barcelona, Spain. Bureau Veritas Inversiones SA is jointly owned by Bureau Veritas International SAS (76%) and Bureau Veritas SA (24%). It is a holding company and owns operating assets in Spain.

## Maxxam Analytics International Corporation (Canada)

Maxxam Analytics International Corporation is a Canadian company whose registered office is located at 1919 Minnesota Court, Suite 500, Mississauga, Ontario L5N0C9, Canada. It is a wholly-owned subsidiary of Bureau Veritas International. Maxxam is the Canadian leader in analytical services for the environmental, oil and gas and agri-food industries. In 2016, it contributed external revenue of CAD 253.4 million (€172.9 million).

## Tecnicontrol SAS (Colombia)

Tecnicontrol SAS is a Colombian company whose registered office is located at Calle 72 7-82 Piso 3, Bogota, DC Colombia. The company has been indirectly 95%-owned by Bureau Veritas International and 5%-owned by Bureau Veritas Services since the acquisition of the Tecnicontrol group in May 2012. It mainly provides inspection, quality assurance, non-destructive testing, asset integrity management and technical verification services before assets are brought into service for the oil and gas industries, the process industries and the mining sector. In 2016, the company recorded external revenue of COP 50,845 million (€15.1 million).

## Bureau Veritas do Brasil Sociedade Classificadora e Certificadora Ltda (Brazil)

Bureau Veritas do Brasil Sociedade Classificadora e Certificadora Ltda is a Brazilian company whose registered office is located at Rua Joaquim Palhares 40-7° 8 Andares Cidade Nova, Rio de Janeiro 20260080, Brazil. The company is 99.98%-owned by Bureau Veritas SA. It mainly provides inspection, asset integrity management and technical verification services for Industry business and Marine & Offshore clients. In 2016, the company recorded external revenue of BRL 252.4 million (€65.5 million).

## Bureau Veritas Singapore Pte Ltd. (Singapore)

Bureau Veritas Singapore Pte Ltd. is a Singaporean company incorporated in 2002 whose registered office is located at 20 Science Park Road, N°03-01 Teletch Park, 117674, Singapore Science Park II, Singapore. The company operates in Singapore and owns certain Group operating assets in the region, particularly the 51% holding in the Australian company Dairy Technical Services (DTS), acquired in 2016. The company recorded revenue of SGD 17.2 million (€11.3 million) in 2016.

## 6.4 Intra-group contracts

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Under the Group's cash pooling arrangement, subsidiaries transfer any surplus funds to a central account. If needed, they can take out loans from the Company. Subsidiaries may not invest surplus funds with or borrow funds from any other entity without the Company's consent.

Intra-group loans are governed by cash management agreements between the Company and each French and non-French subsidiary.

## 6.5 Industrial franchise, brand royalties and expertise licensing contracts

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Since 2007, Bureau Veritas has signed industrial franchise contracts with most of the Group's subsidiaries.

The aim of this industrial franchise model is to make Bureau Veritas SA's industrial property available to Group entities and provide technical and administrative services to Group subsidiaries.

The use of industrial property and services rendered is paid in the form of royalties calculated based on a percentage of third-party revenues, which may vary depending on the activities carried out by the subsidiaries.

## 6.6 Share capital and voting rights

### 6.6.1 Share capital

#### Change in share capital during the year ended December 31, 2016

At December 31, 2015, the share capital amounted to €53,040,000 and was divided into 442,000,000 shares with a par value of €0.12 each. The increase in share capital resulting from the exercise of stock subscription options in 2015 was noted by the Board of Directors at its meeting on February 24, 2016.

At December 31, 2015, the total number of theoretical voting rights amounted to 631,563,614 and the number of exercisable voting rights totaled 627,149,490, the difference being due to the voting rights attached to treasury shares.

At December 31, 2016, the share capital amounted to €53,040,000 and was divided into 442,000,000 shares with a par value of €0.12 each.

The following share capital transactions took place during the year:

- 149,600 shares were issued following the exercise of stock subscription options; and
- 149,600 treasury shares were canceled.

The increase in share capital resulting from the exercise of stock subscription options in 2016 was noted by the Board of Directors at its meeting on February 23, 2017.

At December 31, 2016, the total number of theoretical voting rights amounted to 632,201,432 and the number of exercisable voting rights totaled 626,930,399.

The table below summarizes the delegations of authority relating to share capital granted by the Shareholders' Meeting to the Board of Directors that were still in effect as of the filing date of the Registration document.

#### Summary of delegations of authority granted by the Shareholders' Meeting to the Board of Directors (article L. 225-100, paragraph 7 of the French Commercial Code)

Nature of the authorization granted to the Board of Directors	Date of the Ordinary and Extraordinary Shareholders' Meeting (OESM)	Duration and expiration of the authorization	Maximum nominal amount	Use at Dec. 31, 2016
Issuance, with preemptive subscription rights, of (i) ordinary shares in the Company, and/or (ii) securities giving access immediately and/or in future to new shares in the Company and/or one of its subsidiaries and (iii) securities giving access to other existing shares or rights to receive senior notes issued by the Company or any of its subsidiaries	OESM May 20, 2015 (7 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	Maximum nominal amount of capital increases: €8 million <sup>(a)(b)</sup> Maximum nominal amount of senior notes: €1 billion	Not used
In the event of excess demand, increasing the issue amount, with preemptive subscription rights, in accordance with the 7 <sup>th</sup> resolution	OESM May 20, 2015 (8 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	15% of the initial issue <sup>(a)(b)</sup>	Not used
Issuance, with cancellation of preemptive subscription rights, for members of a company savings plan of (i) ordinary company shares and/or (ii) securities giving immediate and/or future access to the share capital of the Company	OESM May 20, 2015 (9 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	1% of the share capital <sup>(a)(b)</sup>	Not used
Increase in the share capital by capitalizing share premiums, reserves, retained earnings or any other sum that may be capitalized	OESM May 20, 2015 (10 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	€6 million <sup>(b)</sup>	Not used
Issuance of ordinary shares and/or securities giving access immediately and/or in future to existing or new ordinary shares of the Company as consideration for contributions in kind granted to the Company	OESM May 20, 2015 (11 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	10% of the share capital <sup>(a)(b)</sup>	Not used
Issuance of ordinary Company shares and/or securities giving access immediately and/or in future to existing or new ordinary shares of the Company as consideration for share contributions made under a public exchange offering initiated by the Company	OESM May 20, 2015 (12 <sup>th</sup> resolution)	26 months, i.e., until July 19, 2017	€4 million <sup>(a)(b)</sup>	Not used

(a) The overall maximum nominal amount of share capital increases that may be made under the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> resolutions adopted at the Ordinary and Extraordinary Shareholders' Meeting on May 20, 2015 may not exceed €8 million.

(b) The overall maximum nominal amount of capital increases that may be made under the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> resolutions adopted at the Ordinary and Extraordinary Shareholders' Meeting on May 20, 2015 may not exceed €14 million.

# 6

## Information on the Company and the capital Share capital and voting rights

Nature of the authorization granted to the Board of Directors	Date of the Ordinary and Extraordinary Shareholders' Meeting (OESM)	Duration and expiration of the authorization	Maximum nominal amount	Use at Dec. 31, 2016
Grant of stock subscription or purchase options to employees and/or Executive Corporate Officers of the Group	OESM May 17, 2016 (14 <sup>th</sup> resolution)	26 months, i.e., until July 16, 2018	1.5% of the share capital <sup>(c)</sup>	Authorization partially used in June 2016 to grant 1,312,400 options. Overall ceiling used: 2,444,050 shares
Grant of existing or new ordinary shares of the Company, free of charge, to employees and/or Executive Corporate Officers of the Group	OESM May 17, 2016 (15 <sup>th</sup> resolution)	26 months, i.e., until July 16, 2018	1% of the share capital <sup>(c)</sup>	Authorization partially used in June 2016 to grant 1,131,650 shares. Overall ceiling used: 2,444,050 shares
Share buyback	OSM May 17, 2016 (12 <sup>th</sup> resolution)	18 months i.e., until November 16, 2017	Maximum unit price per share: €40 10% of the share capital <sup>(d)</sup>	Extension of the liquidity agreement implemented in February 2008 and buyback of 2,360,000 shares
Reduction in the share capital by canceling all or a portion of the Company shares acquired under any share buyback program	OESM May 20, 2015 (13 <sup>th</sup> resolution)	24 months, i.e., until May 19, 2017	10% of the share capital	Authorization used in December 2015 and 2016 to cancel 664,400 treasury shares acquired under the share buyback program.

(c) The number of shares that may be granted pursuant to the 14<sup>th</sup> and 15<sup>th</sup> resolutions adopted at the Shareholders' Meeting on May 17, 2016 may not exceed 1.5% of the share capital (the 1% threshold set forth in the 15<sup>th</sup> resolution is included in the overall limit of 1.5%).

(d) The maximum amount allocated to the share buyback program amounts to €1,768,000,000 corresponding to a maximum of 44,200,000 shares purchased on the basis of a maximum unit price of €40 (excluding transaction costs) and on the number of shares comprising the Company's share capital at December 31, 2016.

### 6.6.2 Securities not representing capital

At December 31, 2016, the Company had not issued any securities that do not represent capital.

### 6.6.3 Acquisition of treasury shares

The following paragraphs cite the information to be provided in accordance with article L. 225-211 of the French Commercial Code (Code de commerce) and describe, in accordance with the provisions of article 241-3 of the General Regulation of the *Autorité des marchés financiers* (AMF), the share buyback program submitted for approval to the Annual Shareholders' Meeting to be held on May 16, 2017.

#### Transfer and buyback of treasury shares during 2016

During 2016, the Company maintained the liquidity agreement entrusted to Exane BNP Paribas on February 8, 2008, under which 4,979,356 shares were purchased at an average price of €18.74 and 4,981,943 shares were sold at an average price of €18.76. At December 31, 2016, there were 192,413 shares held under the liquidity agreement and the available balance stood at €4,649,666.

In addition, the Company bought back a total of 2,360,000 shares between January 1 2016 and December 31, 2016 at a weighted average price of €18.71. The share buybacks resulted in transaction fees of €35,322.96. Of the 2,360,000 shares bought back, 1,920,000 shares were allocated to cover performance share and stock purchase option plans and 440,000 shares were earmarked for cancellation.

In 2016, the Company remitted 1,370,115 shares to beneficiaries of the performance share and stock purchase option plans. These shares were granted out of the Company's treasury shares.

At December 31, 2016, the Company held a total of 5,271,033 treasury shares representing approximately 1% of its share capital, with a carrying amount of €102,418,379 and a par value of €632,523.96.

Of these 5,271,033 shares held by the Company at December 31, 2016, 192,413 shares are allocated to the liquidity agreement, 4,528,408 shares are allocated to stock option plans or other share awards and the rest, i.e., 550,212 shares, are earmarked for cancellation.

#### New share buyback program to be submitted to the Annual Shareholders' Meeting to be held to approve the financial statements for the year ended December 31, 2016

A new share buyback program will be submitted for approval to the next Annual Shareholders' Meeting of May 16, 2017.

In accordance with the provisions of articles L. 225-209 et seq. of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council dated April 16, 2014, and with the General Regulation, instructions and communications of the AMF, among others, the objectives of this program, subject to approval by the Annual Shareholders' Meeting to be held on May 16, 2017, are:

- to ensure the liquidity of and make a market in Bureau Veritas shares via an investment services provider acting independently and on behalf of the Company without being influenced by the Company, under a liquidity agreement that complies with a Code of Ethics recognized by the AMF, or any other applicable law or regulation; and/or
- to implement any Company stock option plan under the provisions of articles L. 225-177 et seq. of the French Commercial Code or any similar plan, any share grant or transfer to employees as part of a profit-share plan or any company or group savings plan (or similar scheme) in accordance with the provisions of the law and particularly articles L. 3332-1 et seq. of the French Labor Code (*Code de travail*), and any free share grants under the provisions of articles L. 225-197-1 et seq. of the French Commercial Code, and to carry out any hedging to cover these transactions under applicable legal and regulatory conditions; and/or
- to remit shares in the event of the issue or the exercise of the rights attached to securities giving immediate and/or future access to the share capital of the Company by repayment, conversion, exchange, presentation of a warrant or in any other manner; and/or

- to hold and subsequently remit shares (for exchange, payment or other) as part of acquisitions, mergers, spin-offs or contributions, it being understood that in such a case, the bought back shares may not at any time exceed 5% of the share capital of the Company, this percentage being applied to a share capital figure adjusted to reflect any transactions that take place after this Shareholders' Meeting that affect total capital; and/or
- to cancel all or a portion of the bought back shares, subject to the approval of the twenty-fifth resolution by said Shareholders' Meeting; and/or
- to implement any market practice that is or may be allowed by the market authorities; and/or
- to carry out transactions for any other purpose that is or may be authorized by the laws or the regulations in force. In such a case, the Company shall inform the shareholders by way of a press release or any other form of communication required by the regulations in force.

Purchases of Company's shares may relate to a number of shares, such that:

- the number of shares bought back by the Company during the share buyback program would not exceed 10% of the shares comprising the share capital of the Company, this percentage being applied to a share capital figure adjusted to reflect transactions following the Annual Shareholders' Meeting to be held on May 16, 2017, i.e., for information purposes, a number of shares not exceeding 44,200,000; and
- the number of shares that the Company may hold at any given time would not exceed 10% of the shares constituting the share capital of the Company.

The Board of Directors may not, without the prior authorization of the Shareholders' Meeting, implement this share buyback program in the event that a third party makes a public offer to purchase the shares in the Company and until the expiration of such offer.

The maximum unit purchase price under this share buyback program would be €40 (excluding transaction costs), subject to adjustments within the scope of changes to the share capital.

The maximum amount allocated to implement the share buyback program would amount to €1,768,000,000 (excluding transaction costs).

This new authorization would be granted for a period of 18 months as from the decision of the Shareholders' Meeting convened on May 16, 2017, i.e., until November 15, 2018, and would render ineffective the unused portion of the authorization granted by the Shareholders' Meeting on May 17, 2016.

## 6.6.4 Other securities giving access to the share capital of the Company

The Company issued stock options, the main terms and conditions of which are set out in section 3.4 – Interests of Corporate Officers, Directors and certain employees of this Registration document.

The Company also granted performance shares, the main terms and conditions of which are set out in section 3.4 – Interests of

Corporate Officers, Directors and certain employees of this Registration document, as well as in Note 23 to the 2016 consolidated financial statements in section 5.1 of this Registration document.

## 6.6.5 Conditions governing vesting rights or any obligations attached to capital subscribed but not fully paid up

None.

## 6.6.6 Pledges

To the Company's knowledge, at December 31, 2016, 1,109,504 shares in the Company, held by individuals, were pledged (i.e., around 0.25% of the number of shares comprising its share capital).

As indicated in Note 33 to the 2016 consolidated financial statements in section 5.1 of this Registration document, the Group had pledged non-current financial assets for a carrying amount of €4.4 million at December 31, 2016.

## 6.6.7 Changes in the share capital

The table below shows changes in the Company's share capital during the past five years.

	2016	2015	2014	2013	2012
<i>Capital at beginning of year</i>					
<b>In euros</b>	<b>53,040,000</b>	<b>53,163,924</b>	<b>53,045,040</b>	<b>13,259,836</b>	<b>13,263,154</b>
<b>In shares</b>	<b>442,000,000</b>	<b>443,032,700</b>	<b>442,042,000</b>	<b>441,994,544<sup>(a)</sup></b>	<b>110,526,286</b>
Number of canceled shares during the year	149,600	1,547,500	-	766,924	623,660
Number of shares issued during the year	149,600	514,800	990,700	814,380 <sup>(a)</sup>	596,010
By free allocation of shares	-	-	-	-	-
By exercise of stock subscription options	149,600	514,800	990,700	814,380 <sup>(a)</sup>	596,010
<i>Capital at end of year</i>					
<b>In euros</b>	<b>53,040,000</b>	<b>53,040,000</b>	<b>53,163,924</b>	<b>53,045,040<sup>(b)</sup></b>	<b>13,259,836</b>
<b>In shares</b>	<b>442,000,000</b>	<b>442,000,000</b>	<b>443,032,700</b>	<b>442,042,000</b>	<b>110,498,636</b>

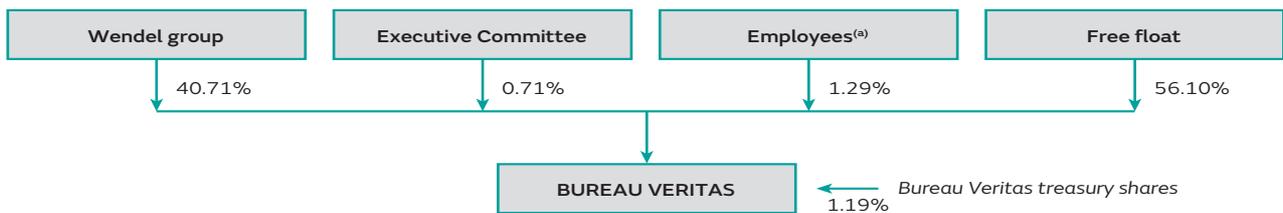
(a) It should be noted that the above data were restated to take account of the 4-to-1 split in the par value of the Company's shares that took place on June 21, 2013.

(b) Before the 4-to-1 share split, the share capital was increased by €39.8 million by the incorporation of sums deducted from the issue premium account. Share capital as recorded by the Board of Directors at its meeting on March 5, 2014 (excluding options exercised after January 1, 2014).

## 6.7 Ownership structure

### 6.7.1 Group ownership structure

#### Simplified ownership structure at December 31, 2016



(a) Including direct holdings of registered shares.

#### Major direct and indirect shareholders

With more than €10 billion in managed assets, Wendel is one of Europe's leading listed investment firms.

Wendel invests in market-leading companies in Europe, North America, Africa and Southeast Asia. It is an active industrial shareholder in Bureau Veritas, Saint-Gobain, Cromology, Stahl, IHS, Constantia Flexibles and Allied Universal. It implements long-term development strategies aimed at boosting the companies' growth and profitability in order to enhance their leading market positions. Through Oranje-Nassau Développement, which provides investment opportunities for growth, diversification or innovation, Wendel also has holdings in exceet in Germany, Mecatherm in France, Nippon Oil Pump in Japan, Saham group, SGI Africa, Tsebo in Africa and CSP Technologies in the United States.

Wendel is listed on Euronext Paris (Eurolist). Its Registration document can be viewed on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and downloaded from Wendel's website ([www.wendelgroup.com](http://www.wendelgroup.com)).

Wendel is 36.9%-owned by Wendel-Participations, a company grouping together the interests of more than 1,000 members of the Wendel family.

The Wendel group is the major shareholder of Bureau Veritas, holding 40.7% of its share capital and 56.5% of its theoretical voting rights at December 31, 2016.

In accordance with article 28 of the Company's by-laws, a double voting right was granted in respect of shares held by Wendel registered in nominative form for more than two years.

## Breakdown of share capital and exercisable voting rights

Shareholders	At February 28, 2017		At December 31, 2016		At December 31, 2015		At December 31, 2014	
	% of shares held	% of voting rights	% of shares held	% of voting rights	% of shares held	% of voting rights	% of shares held	% of voting rights
Wendel group <sup>(a)</sup>	40.71%	57.04%	40.71%	56.96%	40.08%	56.50%	50.83%	66.71%
Free float <sup>(b)</sup>	56.94%	41.59%	56.05%	41.64%	57.79%	42.00%	46.86%	31.87%
FCP BV Next	0.33%	0.46%	0.33%	0.47%	0.36%	0.50%	0.39%	0.51%
Executive officers <sup>(c)</sup>	0.70%	0.91%	0.71%	0.93%	0.77%	1.00%	0.72%	0.91%
Treasury shares	1.33%	-	1.19%	-	1.00%	-	1.20%	-
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(a) There is no material difference between the theoretical voting rights (including treasury shares) and the exercisable voting rights (excluding treasury shares). The Wendel group held 56.49% of the theoretical voting rights at December 31, 2016.

(b) Calculated by deduction.

(c) Members of the Executive Committee of Bureau Veritas at December 31, 2016.

### Share ownership thresholds

To the best of the Company's knowledge, aside from the core shareholder Wendel, one other shareholder owns more than 5% of the Company's capital or voting rights at March 21, 2017.

By a letter received on February 13, 2017, Harris Associates LP (111 S. Wacker Drive, Suite 4600, Chicago, IL 60606, United States), acting on behalf of the investment funds and clients whose assets it manages, declared that it had exceeded the 7% voting rights threshold of Bureau Veritas and that it held, on behalf of the above-mentioned investment funds and clients, 31,000,685 shares of Bureau Veritas representing 7.01% of the Company's capital and 7.02% of its voting rights. This resulted from the acquisition of Bureau Veritas shares by way of market purchases.

Moreover, in accordance with the Company's by-laws, during the 2016 financial year:

- an institutional investor informed the Company that its interest had gone below the 3% threshold of the share capital of the Company ;
- an institutional investor informed the Company that its interest had exceeded the 2% threshold of the share capital of the Company ;
- an institutional investor informed the Company that its interest had gone below the 2% threshold of the share capital of the Company.

### Shareholder voting rights

Pursuant to the Company's by-laws as amended by the Shareholders' Meeting of June 18, 2007 and which came into force on October 23, 2007, double-voting rights are granted to all fully paid-up shares that are held in registered form for a period of at least two years.

This double-voting right is deemed to be terminated for any share converted into a bearer share or subject to a transfer of ownership.

Nevertheless, the double-voting right will not be lost, and the holding period will be deemed to have continued, in the event of transfer from registered to bearer form as a result of inheritance, sharing of assets jointly held between spouses, or in vivo donations from a spouse or from immediate family members.

At December 31, 2016, 190,201,432 shares held double-voting rights out of the 442,000,000 shares comprising the share capital.

### Control of the Company

At December 31, 2016, the Company was controlled indirectly by Wendel, which held 40.7% of the share capital and 56.49% of the theoretical voting rights.

Bureau Veritas has implemented measures in order to avoid abusive control of the Company.

The Board of Directors thus ensures that independent members are on the Board. These independent members are selected among individuals who are independent and without connection to the Company as defined in the Board of Directors' Internal Regulations. As of the date of this Registration document, seven out of the thirteen Directors are classified as independent: Patrick Buffet, Aldo Cardoso, Nicoletta Giadrossi, Ieda Gomes Yell, Pierre Hessler, Pascal Lebard and Siân Herbert-Jones. The independent members of the Board of Directors are presented in section 3.1 – Corporate Officers and members of the Executive Committee of this Registration document.

In addition, the Company ensures that the Board of Directors maintains independent members in its specialized committees (see section 3.2.2 Composition of the Board of Directors and conditions governing the preparation and organization of the Board's work of this Registration document). The Audit & Risk Committee thus has two of the seven independent members of the Board, one of whom is the Committee's Chairman. All the members of the Nomination & Compensation Committee are independent.

## 6.7.2 Agreements that may lead to a change in control

None.

## 6.8 Stock market information

### 6.8.1 The Bureau Veritas share

<b>Listing market</b>	<b>Euronext Paris, compartment A, eligible for SRD</b>
Initial public offering (IPO)	October 23, 2007 at €37.75 per share (or €9.44 adjusted for the 4-for-1 share split on June 21, 2013)
Indices	CAC Next 20 SBF 120 CAC Large 60 DJ STOXX 600, DJ STOXX 600 Industrial Goods and Services Index Euro STOXX 600 MSCI Standard
Codes	ISIN: FR 0006174348 Ticker symbol: BVI Reuters: BVI. PA Bloomberg: BVI-FP
Number of outstanding shares at December 31, 2016	442,000,000
Number of exercisable voting rights at December 31, 2016	626,930,399
Stock market capitalization at December 31, 2016	€8,137 million

### 6.8.2 Dividend policy

The Group has set the objective of paying an annual dividend representing around 50% of its adjusted attributable net profit for the year.

This objective does not, however, represent a commitment on the Group's part, as future dividends will depend on its results and financial position.

(in €)	In respect of		
	2016 <sup>(a)</sup>	2015	2014
<b>Dividend per share</b>	<b>0.55</b>	<b>0.51</b>	<b>0.48</b>

(a) To be proposed to the Shareholders' Meeting of May 16, 2017.

### 6.8.3 Share trends

At March 21 2017, the Bureau Veritas share price was €18.6, representing a 1.1% increase compared to January 1, 2016 (€18.4).

The Bureau Veritas share price has doubled since its IPO on October 24, 2007 (€9.44).

On average, 750,000 shares were traded on Euronext Paris each day in 2016, representing an average daily trading value of close to €14 million.



### Monthly trading in 2016

Period	Trading volume	Value (€ millions)	Adjusted highs and lows (in euros)	
			High	Low
January 2016	17,711,395	309.21	18.270	16.985
February 2016	23,171,937	399.15	18.925	15.870
March 2016	14,153,963	267.33	19.735	18.100
April 2016	14,682,248	299.70	21.045	19.300
May 2016	14,647,433	289.14	20.910	18.500
June 2016	19,739,054	377.97	19.955	17.895
July 2016	14,111,399	269.32	20.100	18.315
August 2016	10,254,914	199.33	20.020	18.940
September 2016	10,207,771	196.41	19.925	18.775
October 2016	18,818,154	340.33	19.520	17.210
November 2016	20,410,610	350.27	17.855	16.625
December 2016	14,981,839	270.16	18.560	17.180

Source : NYSE Euronext.

## 6.8.4 Shareholder information

Bureau Veritas is committed to making regular disclosures on its business activities, strategy and outlook to its individual and institutional shareholders and, more broadly, to the financial community.

During 2016, the management of Bureau Veritas and the investor relations team met with over 400 analysts and investors primarily during roadshows, meetings and conferences in France, the United Kingdom, the United States, Canada, Germany, Switzerland, Belgium and Scandinavia.

### 2017 financial calendar

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**April 27, 2017**

First-quarter 2017 information

**May 16, 2017**

Annual Shareholders' Meeting

**July 28, 2017**

First-half 2017 results

**October 25, 2017**

Third-quarter 2017 information

**Second semester 2017**

Investors' Day

### Contacts

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**Analyst/Investor information**

Laurent Brunelle/Mark Reinhard

finance.investors@bureauveritas.com

**Bureau Veritas**

Address: Immeuble Newtime – 40/52, boulevard du Parc –

92200 Neuilly-sur-Seine – France

Tel.: +33 (0) 1 55 24 70 00

## 6.9 Documents on display

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All Group publications (press releases, annual reports, annual and half-year presentations, etc.) and regulatory information are available upon request or at: <http://finance.bureauveritas.com>. Users may sign up for email news alerts and download all Group publications since its IPO, the list of analysts who cover the Bureau Veritas share and real-time share prices.

In accordance with European Regulation No. 809/2004, the following documents may be consulted at the Company's registered office or obtained on request by email:

- the by-laws of Bureau Veritas SA;
- all reports, letters and other documents, historical financial information, assessments and declarations made by external consultants, a part of which is included or mentioned in this Registration document;
- the historical financial information of Bureau Veritas and its subsidiaries for each of the two financial years preceding the publication of this Registration document.

Moreover, in accordance with AMF recommendation No. 2012-05 (amended February 11, 2015), the Company's updated by-laws may also be viewed at the website: <http://finance.bureauveritas.com>.

## 6.10 Related-party transactions

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### 6.10.1 Principal related-party transactions

A detailed description of the intra-group contracts and other related-party transactions is set out in section 6.4 – Intra-group contracts in this chapter and in Note 35 to the 2016 consolidated financial statements presented in section 5.1 of this Registration document.

### 6.10.2 Statutory Auditors' special report on related-party agreements and commitments

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2016

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Bureau Veritas, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, and the reasons for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

#### Agreements and commitments submitted for approval of the Shareholders' Meeting

##### Agreements approved during the year

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to Article L.225-38 of the French Commercial Code.

##### Agreements approved after the year end

We were informed of the following agreements and commitments, which were authorized since the year end and given prior approval by the Board of Directors.

**Person concerned: Didier Michaud-Daniel, Chief Executive Officer of Bureau Veritas SA**

**Nature and purpose**

Specific termination benefit payable in favor of Didier Michaud-Daniel, Chief Executive Officer of Bureau Veritas SA.

The Board of Directors, at its meeting of March 8, 2017, authorized a specific termination benefit payable by Bureau Veritas SA in favor of Didier Michaud-Daniel. This commitment replaces the previous commitment authorized by the Board of Directors at its meeting of February 22, 2012.

**Terms and conditions**

The benefit shall not exceed a maximum amount equal to the fixed compensation received by Didier Michaud-Daniel in the twelve (12) calendar months preceding the termination of his term of office, to which the most recent variable compensation payment will be added (the "Target Amount"). In accordance with the provisions of Article L.225-42-1 of the French Commercial Code, the Board of Directors has included a performance condition to the payment of the benefit, which is linked to the target margin of your Company (the "Margin") in each of the two financial years preceding Didier Michaud-Daniel's departure. The Margin is calculated as the ratio of the Company's revenue of adjusted operating profit to revenue, before tax. In respect of each of the two financial years pertaining to the performance condition, Didier Michaud-Daniel is entitled to a benefit that could reach a maximum of half the Target Amount, calculated as follows:

- if the Margin for the financial year is equal to or below 15%, no benefit will be paid in respect of that year;
- if the Margin for the financial year is equal to or above 16%, a benefit equal to half the Target Amount will be awarded in respect of that year;
- if the Margin for the financial year is between 15% and 16%, the benefit in respect of that year will be equal to a percentage (between 0% and 100%, calculated by linear interpolation applied to half of the Target Amount).

The total benefit awarded will be equal to the sum of the benefits calculated in respect of each of the two financial years preceding Didier Michaud-Daniel's departure.

The Board of Directors must recognize that the performance condition has been met before any benefit is awarded.

The Board of Directors decided that the initial reasons, which motivated its decision of February 22, 2012 to award the specific termination benefit to Didier Michaud-Daniel, effective as from March 1, 2012, i.e., retaining and offering incentive to the Chief Executive Officer in line with the Company's targets and its interests, as well as market practices, remained valid.

**Agreements and commitments already approved by the Annual General Meeting**

We were not informed of any agreement or commitment that had already been approved by the Annual General Meeting that remained in force during the year ended December 31, 2016.

Neuilly-sur-Seine and Paris-La Défense, March 16, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit  
Christine Bouvry

ERNST & YOUNG Audit  
Nour-Eddine Zanouda

## 6.11 Articles of incorporation and by-laws

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*This section contains a summary of the main provisions of the by-laws. A copy of the by-laws may be obtained from the Company's website.*

### Corporate purpose (article 3 of the by-laws)

The Company has the following corporate purpose, which it may carry out in any country:

- classification, inspection, expert appraisal, as well as supervision of the construction and repair of vessels and aircrafts of all types and nationalities;
- inspections, audits, assessments, diagnoses, expert appraisals, measurements, analyses relative to the function, compliance, quality, hygiene, safety, environmental protection, production, performance and value of all materials, products, goods, equipment, structures, facilities, factories or organizations;
- all services, studies, methods, programs, technical assistance, consulting in the fields of industry, of sea, land or air transport, services and national or international trade; and
- inspection of real estate property and civil engineering structures.

Except in the case of incompatibility with prevailing legislation, the Company may carry out all studies and research and accept expert appraisal or arbitration commissions in the fields related to its business.

The Company can publish any document, notably sea and air regulations and registers, and can engage in any training activities related to the aforementioned activities.

More generally, the Company carries out any activity that may, directly or indirectly, in whole or in part, relate to its corporate purpose or further achievement of that purpose. In particular, this includes any industrial, commercial or financial transactions, any transaction related to real or movable property; the creation of subsidiaries, and acquisitions of financial, technical or other interests in companies, associations or organizations whose purpose is related, in whole or in part, to the Company's corporate purpose.

Finally, the Company can carry out all transactions with a view to the direct or indirect use of the assets and rights owned by it, including the investment of corporate funds.

### Administration and general management (articles 14 to 21 of the by-laws)

A description of the functioning of the Company's Board of Directors is provided in Chapter 3 – Corporate Governance of this Registration document.

### Rights preferences and restrictions attached to shares (articles 8, 9 and 11 to 13 of the by-laws)

#### Payment for shares

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Shares subscribed in cash are issued and paid up according to the terms and conditions provided for by law.

#### Form of shares

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The shares of the Company are registered or bearer shares, according to the shareholder's preference, save and except when legislative or regulatory provisions require, in certain cases, the registered form.

The shares of the Company shall be recorded in a register, in compliance with the terms and conditions provided for by law.

#### Transfer and transmission of shares

---

Shares are freely negotiable, unless legislative or regulatory provisions provide otherwise. Shares are transferred via account-to-account transfer in accordance with the terms and conditions provided for by law.

#### Shareholders' rights and obligations

---

Each share grants the right, via ownership of corporate capital and profit sharing, to a share proportional to the portion of capital that it represents.

In addition, it grants the right to vote in and be represented at Shareholders' Meetings, in accordance with legal and statutory requirements.

Shareholders are liable for corporate liability only up to the limit of their contributions.

The rights and obligations follow the share regardless of who holds the share.

Ownership of a share automatically implies compliance with the by-laws and decisions made at the Shareholders' Meetings.

Whenever ownership of several shares is required to exercise a right, in the case of exchange, consolidation or allotment of shares, or as a result of a capital increase or reduction, merger or other corporate transaction, the owners of single shares, or a number of shares falling below the required minimum, may not exercise these rights unless they personally group together, or, where appropriate, purchase or sell the shares as necessary.

## Modification of shareholders' rights

Changes in shareholders' rights are subject to legal requirements, as the by-laws do not provide specific guidelines.

## Shareholders' Meetings (articles 23 to 30 of the by-laws)

The joint decisions of the shareholders are taken at the Shareholders' Meetings, which may be qualified as ordinary, extraordinary or special according to the nature of the decisions for which they are convened.

Every Shareholders' Meeting duly held represents all shareholders.

The deliberations of Shareholders' Meetings are binding on all shareholders, even those absent, dissenting or under disability.

### Convening of Shareholders' Meetings (article 24 of the by-laws)

Shareholders' Meetings shall be convened within the terms and conditions set forth by law.

Shareholders' Meetings shall be held at the registered office or at any other location (including locations outside the departement of the registered office) indicated in the notice of meeting.

### Agenda (article 25 of the by-laws)

The agenda for the Shareholders' Meeting shall be drawn up by the author of the notice of meeting.

The Shareholders' Meeting cannot deliberate on an issue not included on the agenda, which cannot be amended in a second notice of meeting. The meeting can, however, in all circumstances, remove one or more members of the Board of Directors and proceed to replace them.

### Access to the meetings (article 26 of the by-laws)

Any shareholder, regardless of the number of shares held, may attend Shareholders' Meetings in person or via proxy, within the terms and conditions provided for by law.

### Indivisibility of shares – bare ownership – usufruct

The shares are indivisible with regard to the Company.

Joint owners of joint shares are required to be represented before the Company by one chosen from amongst them or by a sole authorized agent. Should the joint owners fail to agree on the choice of that sole agent, the agent will be assigned by the presiding judge of the French Commercial Court (*Tribunal de Commerce*), ruling in interlocutory proceedings at the request of the most diligent joint owner.

The voting right attached to the share belongs to the beneficial owner at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings.

The right to attend Shareholders' Meetings is subject to shares having been registered two (2) business days prior to the Shareholders' Meeting at midnight (Paris time) in either the registered shares accounts kept by the Company or the bearer accounts held by the financial intermediary. In the case of shares in bearer form, registration of the shares shall be recognized by a participation certificate issued by the financial intermediary.

Shareholders may be represented by any legal entity or individual of their choice in accordance with the conditions provided for by the legal provisions and regulations in force.

Any shareholder who wishes to vote by post or proxy must, at least three (3) days prior to the date of the Shareholders' Meeting, submit a proxy, a vote-by-post form, or a single document in lieu thereof to the registered office or any other location indicated on the notice of meeting. The Board of Directors may, for any Shareholders' Meeting, reduce this period by a general decision for all shareholders.

Furthermore, shareholders who do not wish to participate in the Shareholders' Meeting in person may also notify the appointment or removal of a proxy by electronic means in accordance with the provisions in force and the conditions set out on the notice of meeting.

In addition, by decision of the Board of Directors mentioned in the notice of meeting, shareholders may, within the terms and conditions set by the laws and regulations, vote by mail or electronically.

If used, the electronic signature may take the form of the process detailed in the first sentence of the second paragraph of article 1316-4 of the French Civil Code (*Code civil*).

If the Board of Directors decides as such at the time the meeting is convened, shareholders may also attend the Shareholders' Meeting via videoconferencing or other telecommunication systems through which their identity can be verified, in which case they shall be considered present for calculation of the *quorum* and majority.

### **Attendance sheet, board, minutes (article 27 of the by-laws)**

---

An attendance sheet containing the information stipulated by law shall be kept at each meeting.

This attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-post forms, shall be certified accurate by the officers of the meeting.

The meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors or by a member of the Board of Directors specially appointed for this purpose.

If the meeting is convened by the Statutory Auditor or Auditors, by a legal proxy or by liquidators, the meeting shall be chaired by the author of the notice of meeting.

In all cases, if the person authorized or appointed to chair the meeting is absent, the Shareholders' Meeting shall elect its Chairman.

The duty of scrutineer shall be performed by the two shareholders, attending and accepting the duty in their own name or represented by their proxies, with the largest number of shares.

The officers' board thus formed shall appoint a secretary, who may not be a shareholder.

The members of the officers' board have the duty of checking, certifying and signing the attendance sheet, ensuring that the discussions proceed properly, settling incidents during the meeting, checking the votes cast and ensuring they are in order, and ensuring that the minutes are drawn up and signing them.

Minutes are drawn up and copies or extracts of the proceedings are issued and certified in accordance with the law.

### **Quorum, voting, number of votes (article 28 of the by-laws)**

---

At Ordinary and Extraordinary Meetings, the *quorum* shall be calculated on the basis of all the shares making up the share capital, minus any shares that have had their voting rights suspended by virtue of legal provisions.

When voting by mail, only forms received by the Company before the meeting is held, within the terms and conditions set by the law and the by-laws, shall be taken into consideration for calculating the *quorum*.

At Ordinary and Extraordinary Meetings, shareholders are entitled to the same number of votes as the number of shares they hold, with no limitation.

However, a double-voting right as conferred on other shares, for the proportion of the capital they represent, is assigned to all fully paid-up shares, registered for at least two years in the name of the same shareholder.

Moreover, in the event the capital is increased via incorporation of reserves, profits or share premiums, the double-voting right shall be conferred, upon issuance, on registered shares attributed free of charge to shareholders whose former shares were entitled to that right.

The double-voting right automatically ceases for any share converted to a bearer share or subject to a transfer of ownership. Nevertheless, the double-voting right will not be lost, and the holding period will be deemed to have continued, in the event of transfer from registered to bearer form as a result of inheritance by distribution of marital community property or inter vivos gifts in favor of a spouse or relatives entitled to inherit. The same holds true where shares with double-voting rights are transferred as a result of a merger or division of a corporate shareholder. The merger or spin off of the Company has no effect on the double-voting right which may be exercised within the beneficiary company or companies, if the right is established in their by-laws.

Voting takes place and votes are cast, depending on what the meeting officers decide, by a show of hands, electronically or by any means of telecommunication enabling the shareholders to be identified under the regulatory conditions in force.

### **Ordinary Shareholders' Meeting (article 29 of the by-laws)**

---

The Ordinary Shareholders' Meeting is called upon to take any decisions that do not amend the Company by-laws.

It shall be held at least once a year, within the applicable legal and regulatory time periods, to deliberate on the parent company financial statements and, where applicable, on the consolidated financial statements for the preceding accounting period.

The Ordinary Shareholders' Meeting, deliberating in accordance with the terms pertaining to *quorum* and majority as set forth in the governing provisions, exercises the powers granted it by law.

### **Extraordinary Shareholders' Meeting (article 30 of the by-laws)**

---

Only the Extraordinary Shareholders' Meeting is authorized to amend the Company by-laws in all their provisions. It may not, however, increase the commitments of shareholders, excepting transactions resulting from an exchange or consolidation of shares, duly decided and performed.

The Extraordinary Shareholders' Meeting, deliberating in accordance with the terms pertaining to *quorum* and majority set forth in the provisions that govern it, exercises the powers granted it by law.

## Shareholders' right to information (article 31 of the by-laws)

All shareholders have the right to access the documents they require to be able to give their opinion with full knowledge of the facts and to make an informed judgment on the management and operation of the Company.

The nature of these documents and the conditions for sending them or making them available are determined by law.

## Provisions of the by-laws which have an impact in the event of a change in control

No provision in the by-laws could, to the knowledge of the Company, have the effect of delaying, postponing or preventing a change in control of the Company.

## Shareholder identification and thresholds (articles 10 and 11.2 of the by-laws)

### Shareholder identification (article 10 of the by-laws)

---

The Company shall remain informed of the make-up of its shares' ownership, in accordance with the terms and conditions provided for by law.

As such, the Company can make use of all legal provisions available for identifying the holders of shares that confer immediate or future voting rights in its Shareholders' Meetings.

Thus, the Company reserves the right, at any time and in accordance with the legal and regulatory terms and conditions in force and at its own cost, to request from the central depository responsible for keeping an account of the issuance of its securities, information concerning the holders of securities conferring the immediate or future right to vote in the Company's Shareholders' Meetings, as well as the number of securities held by each shareholder and, where applicable, any restrictions that can be imposed on such securities.

Having followed the procedure described in the preceding paragraph and in view of the list provided by the central depository, the Company can also request, either through the central depository or directly, that individuals on the list whom the Company believes may be registered as agents for third parties provide information about the owners of the securities referred to in the preceding paragraph. These individuals are required, when acting as intermediaries, to disclose the identity of the holders of these securities.

If the securities are in registered form, the intermediary registered in accordance with the terms and conditions set forth by law is required to disclose the identity of the holders of these securities as well as the number of securities held by each individual, upon request from the Company or its agent, which may be presented at any time.

For as long as the Company believes that certain shareholders whose identity has been disclosed are holding shares on account of third parties, the Company is entitled to ask those shareholders to disclose the identity of the holders of the securities in question, as well as the number of shares held by each.

At the close of identification procedures, and without prejudice to legal requirements relative to the disclosure of significant equity ownership, the Company can ask that any legal entity holding its shares and owning an interest in excess of 2.5% of the capital or

voting rights disclose to the Company the identities of individuals who directly or indirectly own more than one third of that legal entity's capital or voting rights.

In the event of non-compliance with the aforementioned requirements, the shares or securities conferring immediate or future access to capital and for which these individuals have been recorded in the register shall be stripped of their voting rights for any subsequent Shareholders' Meeting, and until such time as this identification requirement has been fulfilled, to which date payment of the corresponding dividend will also be deferred.

Moreover, in the event the registered individual knowingly disregards these obligations, the court of competent jurisdiction given the location of the Company's registered offices may, if petitioned by the Company or one or more of its shareholders holding at least 5% of the Company's capital, order total or partial suspension, for a period not to exceed five years, of the voting rights attached to the shares for which the Company had requested information, as well as suspension, for the same period of time, of the right to payment of the corresponding dividend.

### Thresholds (article 11.2 of the by-laws)

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In addition to the legal obligation to notify the Company when legal thresholds have been crossed, any individual or legal entity, whether acting alone or jointly, that comes to own, either directly or indirectly as defined by law (and particularly article L. 233-9 of French Commercial Code), a number of shares equivalent to a fraction of the share capital or voting rights in excess of 2% must inform the Company of the number of shares and voting rights it owns, within five trading days of the date from which the threshold was crossed, and must do so regardless of the book entry date, via registered mail with return receipt addressed to the Company's registered office or by any equivalent means for shareholders or security holders outside France, by specifying the total number of equity shares and securities granting future access to equity and related voting rights that it owns as of the date on which the declaration is made. This declaration in relation to the crossing of a threshold also indicates whether the shares or related voting rights are or are not held on behalf of or jointly with other natural or legal entities and additionally specifies the date on which the threshold was crossed. The declaration shall be

repeated for each additional 1% fraction of capital or voting rights held, without limitation, including beyond the 5% threshold.

Where they have not been duly declared under the conditions provided above, shares exceeding the fraction that should have been declared are deprived of voting rights in Shareholders' Meetings from the moment one or more shareholders in possession of at least 5% of the Company's capital or voting rights make such a request, duly recorded in the minutes of the Shareholders' Meeting. The suspension of voting rights shall apply to all Shareholders' Meetings taking place up until expiration of a period of two years from the date on which the reporting requirement is fulfilled.

Any shareholder whose share in the capital and/or voting rights in the Company falls below any of the aforementioned thresholds is also required to notify the Company as such, within the same period of time and in the same manner, no matter the reason.

In calculating the aforementioned thresholds, the denominator must include consideration of the total number of shares that form the Company's capital and that carry voting rights, including those with their voting rights suspended, as published by the Company in accordance with the law (the Company being required to specify, in its publications, the total number of said shares carrying voting rights and the number of shares that have their voting rights suspended).

### **Changes to share capital (article 7 of the by-laws)**

The share capital can be increased or decreased by any method or means authorized by law. The Extraordinary Shareholders' Meeting can also decide to proceed with a division of the par value of the shares or with their consolidation.

## 6.12 Persons responsible

### **Person responsible for the Registration document**

Didier Michaud-Daniel, Chief Executive Officer of Bureau Veritas

### **Declaration by the person responsible for the Registration document**

I hereby certify, after taking all reasonable measures to ensure that such is the case, that the information contained in the French language Registration document is, to my knowledge, consistent with reality and does not include any omission which could affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profits and losses of the Company and of the companies within its scope of consolidation, and that the information from the management report listed in section 6.14.2 of this Registration document presents a fair overview of the business developments, profits and losses and

financial position of the Company and the companies within its scope of consolidation, as well as a description of the main risks and uncertainties they face.

I have received from the Statutory Auditors a letter stating that their work has been completed, in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this document, and have read the entire document.

March 24, 2017

Didier Michaud-Daniel

Chief Executive Officer of Bureau Veritas

### **Person responsible for the financial information**

Nicolas Tissot

Chief Financial Officer of Bureau Veritas

Address: Immeuble Newtime – 40/52, boulevard du Parc

92200 Neuilly-sur-Seine – France

Tel.: +33 1 55 24 76 30

Fax: +33 1 55 24 70 32

## 6.13 Statutory Auditors

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### 6.13.1 Principal Statutory Auditors

#### **PricewaterhouseCoopers Audit**

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Represented by Christine Bouvry

63, rue de Villiers

92208 Neuilly-sur-Seine cedex – France

The mandate of PricewaterhouseCoopers Audit as Statutory Auditor was renewed at the Ordinary Shareholders' Meeting on May 17, 2016, for a period of six financial years.

PricewaterhouseCoopers Audit is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

#### **Ernst & Young Audit**

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Represented by Nour-Eddine Zanouda

1-2, place des Saisons, Paris la Défense 1

92400 Courbevoie – France

Ernst & Young Audit was appointed as Statutory Auditor at the Ordinary Shareholders' Meeting on May 17, 2016 for a period of six financial years.

Ernst & Young Audit is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

### 6.13.2 Substitute Statutory Auditors

Jean-Christophe Georghiou

63, rue de Villiers

92208 Neuilly-sur-Seine cedex – France

Jean-Christophe Georghiou was appointed as substitute Statutory Auditor at the Ordinary Shareholders' Meeting on May 17, 2016 for a period of six financial years.

Auditex

1-2, place des Saisons, Paris la Défense 1

92400 Courbevoie – France

Auditex was appointed as substitute Statutory Auditor at the Ordinary Shareholders' Meeting on May 17, 2016 for a period of six financial years.

## 6.14 Cross-reference table

### 6.14.1 Cross-reference table in accordance with the Prospectus Directive (2003/71/EC)

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## Information on the Company and the capital

BUREAU VERITAS  
Limited company (société anonyme)  
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Designed & published by  LABRADOR +33 (0)1 53 06 30 80



This document is printed in France by an Imprim'Vert certified printer on PEFC certified paper produced from sustainably managed forest.



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