Annual financial report

2017

Registration document

TF1 LE GROUPE

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Items comprising the Annual Financial Report are identified in the table of contents by the pictogram AFR

2017
REGISTRATION DOCUMENT
AND ANNUAL FINANCIAL REPORT

Disclaimer

This amended version of the Registration Document dated 19 April 2018 includes an adjustment made in chapter 2 on pages 86 and 97.

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on 8 March 2018, in accordance with article 212-13 of the General Regulation of the AMF.

This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the AMF.

It was prepared by the issuer and is the responsibility of the person whose signature appears therein.

It is available for consultation and download on the website www.groupe-tf1.fr/en

This is a free translation into English of the TF1 2017 registration document issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

MESSAGE FROM THE CHAIRMAN & CEO

A group transforming itself

Photo credit: TF1/Christophe Chevalin

DEAR SHAREHOLDERS,

In 2017, your Group resolutely pursued and accelerated its transformation and implemented the multi-channel, multi-media and multi-business strategy it presented to you at the start of the year.

The multi-channel strategy has met expectations: the Group's unencrypted channels, which grew total audience share for all targets in 2017, maintained advertising revenues while keeping programme costs under control. Though audiences for the TF1 core channel decreased slightly, our DTT channel audiences achieved above-forecast growth thanks to our investment in them: the repositioning of TMC was as successful as expected, and LCI became France's no. 2 news channel.

On the production side, the acquisition of Newen Studios in early 2016 kept its promises. Newen expanded its customer portfolio beyond its historical base, extended its geographical reach, diversified programme genres by acquiring Tuvalu in the Netherlands, and rose to the challenge of producing the successful daily soap *Demain nous appartient* for TF1.

In distribution and content monetisation, we played our part in shaking up the French unencrypted TV channel universe; to date, we have secured ground-breaking agreements with Altice-SFR and Bouygues Telecom to distribute our TF1 Premium offer, combining content from our channels with add-on services. These deals have dynamised our business model.

In 2017, the TF1 group focused on developing in digital and conquering new, younger targets. We took a stake in MinuteBuzz and a minority holding in Studio71 (the world no. 3 internet channel operator on social networks in terms of number of videos viewed), and introduced compulsory logins on our websites to enable us to develop a customer database. In addition, we launched Studio71 France and an alliance with leading European media groups(1) to sell premium digital inventories at European level.

The acquisition of the aufeminin group(2) announced at the end of the year will pave the way for a different relationship with advertisers built on strong internet audiences delivered by highly-engaged web communities around aufeminin brands (aufeminin.com, Marmiton, My Little Paris); these brands have a presence in over 20 countries, with many followers even paying for gift box plans(3). Bringing aufeminin and the TF1 group together will be a priority for 2018 as we accelerate our digital transformation.

Among the Group's diversifications was the opening of the La Seine Musicale concert venue on the Île Seguin island near Paris, which was an immediate success and demonstrated our ability to develop new businesses. This successful venture in live music and shows opens up new opportunities for performers, who can rely on our huge promotional resources.

In 2017, the introduction of the unified *TF1 Initiatives* brand brought together all our activities in the field of Corporate Social Responsibility, whether towards society (especially through the TF1 Foundation), our employees or the environment.

Finally, in 2017 we implemented our *Recover* action plan to identify sources of productivity; the plan is delivering recurring savings and helping to improve our profitability sustainably.

2018 will see even more fulfilment of our ambitions as a multi-channel, multi-media and multi-business group. There will be many challenges in a fast-moving market. We will face competition from highly active global digital players, and regulatory changes as France and Europe adapt to changing markets in various areas including media chronology (the sequencing of movie releases from cinema screening to SVOD), a new audiovisual law in France, the European General Data Protection Regulation, ePrivacy, etc.

As regards content, all our teams will be mobilised in a spirit of conquest in a year which will see our channels screening exclusive unencrypted broadcasts of 28 matches from the Football World Cup, more French and foreign drama series (*Les bracelets rouges, Insoupçonnable, La vérité sur l'affaire Harry Quebert,* etc.) and more light entertainment (*L'aventure Robinson,* etc.).

Against this background, your Group is using its rich pool of talent to develop in all creative fields. On the News side, 2018 will see an overhaul of our organisation and processes, especially *via* technological innovation, to offer TV news bulletins that provide ever stronger and more immersive experiences for viewers.

To conclude, in 2018 the TF1 group is more than ever mobilised to extend its clear lead in the TV market, pursue its development in production and digital, increase profitability, and create value for staff and shareholders.

Boulogne, 8 March 2018

Gilles C. PELISSON
Chairman & CEO of TF1

(1) Prosieben Sat1, Mediaset Italy and Spain, Channel 4.

(2) Acquisition subject to clearance from the competition authorities.

(3) Under the "Beautiful Box" plan, users pay a monthly subscription and receive a surprise monthly gift box, which beauty brands can use to promote their products.

TF1 GROUP INTEGRATED REPORT

ABOUT THIS REPORT

METHODOLOGY

This report is based on the framework published by the International Integrated Reporting Council (IIRC). It builds on a pro-active initiative extending back several years in the area of Corporate Social Responsibility and transparent communication with all stakeholders.

This integrated report is the work of an internal working group headed up by Financial Communication in collaboration with the Strategy, Development & Transformation, and CSR Departments.

SCOPE

The report covers the 2017 financial year (1 January to 31 December 2017), and TF1 group entities within the scope of the financial consolidation. It reminds readers of the objectives for 2017, provides a progress report, and includes medium- and long-term projections to give a forward-looking vision of the Group in its environment.

GROUP PROFILE

NO. 1
PRIVATE SECTOR UNENCRYPTED BROADCASTER IN FRANCE

5 UNENCRYPTED CHANNELS

32.3%
SHARE OF KEY TARGET AUDIENCE(1)

€2,125M
IN REVENUE

2,706
EMPLOYEES

TF1 Initiatives
DES ACTIONS QUI NOUS RASSEMBLENT

TF1 is an **integrated media group** with a vocation **to inform and entertain**. It provides content and an offering adapted to all platforms.

TF1 is the **leading private-sector unencrypted broadcaster in France.** It broadcasts five complementary **unencrypted channels** (TF1, TMC, TFX, TF1 Séries Films and LCI), which together had an average 32.3% share of the key "Women under 50 Purchasing Decision-Makers" target audience in 2017.

This positioning is strengthened by the Group's constant adaptation to new ways of consuming content. So TF1 is adding a high-powered **digital dimension** to its channels. It is also offering exclusive digital content and video-on-demand in order to reach all audiences on all platforms. Taking a majority stake in MinuteBuzz and setting up Studio71 France in partnership with Prosieben Sat.1 was designed to target millennials. And at the start of 2018, the TF1 group accelerated its digital transformation by reaching agreement with the Axel Springer group to acquire the aufeminin(2) group (a digital player with an editorial and web offering mainly covering fashion, beauty and cooking). With aufeminin, the TF1 group will be able to offer innovative solutions to brands based on awareness, affinity and influence.

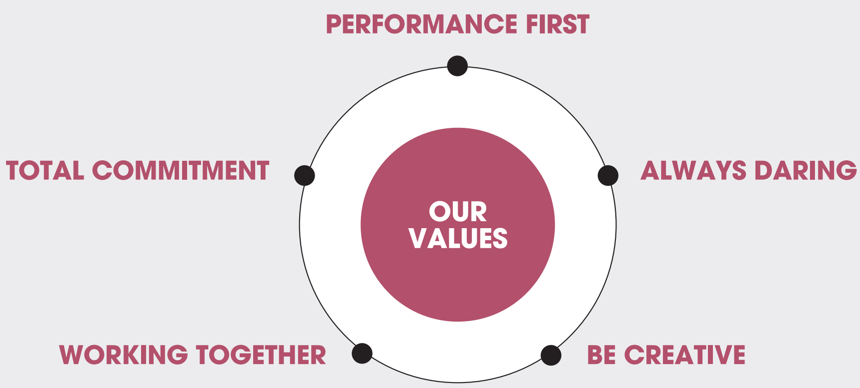
The Group also screens the following **theme channels** to meet special-interest demand: TV Breizh, Histoire, Ushuaïa and Serieclub.

TF1's **advertising airtime sales** arm offers advertisers the combined benefits of access to its mass-market television channels and to personal digital media. It also sells advertising slots on independent radio stations and numerous websites.

In conjunction with its core business, the TF1 group is present in the **production and distribution of content** relating to its own channels and to personal digital media. The main aim of taking a majority stake in Newen was to accelerate the international expansion of production and distribution.

Finally, the TF1 group has created a large range of **complementary businesses** in key areas such as home shopping, licences, board games, music and entertainment production, etc.

As a media group, TF1 is aware of its responsibilities and is engaged in high-quality dialogue with all its stakeholders in order to enhance transparency and continually improve its practices. This year the TF1 group launched **TF1 Initiatives,** a brand that brings together all its CSR activities around three pillars: solidarity, diversity and sustainability.



(1) Médiamétrie – Target: Women under 50 purchasing decision-makers.
(2) Completion of this deal is subject to clearance from the regulatory authorities in France and Austria.

1. THE GROUP AND ITS ENVIRONMENT

ORGANISATION AND ACTIVITIES OF THE GROUP

BROADCASTING

STUDIOS & ENTERTAINMENT

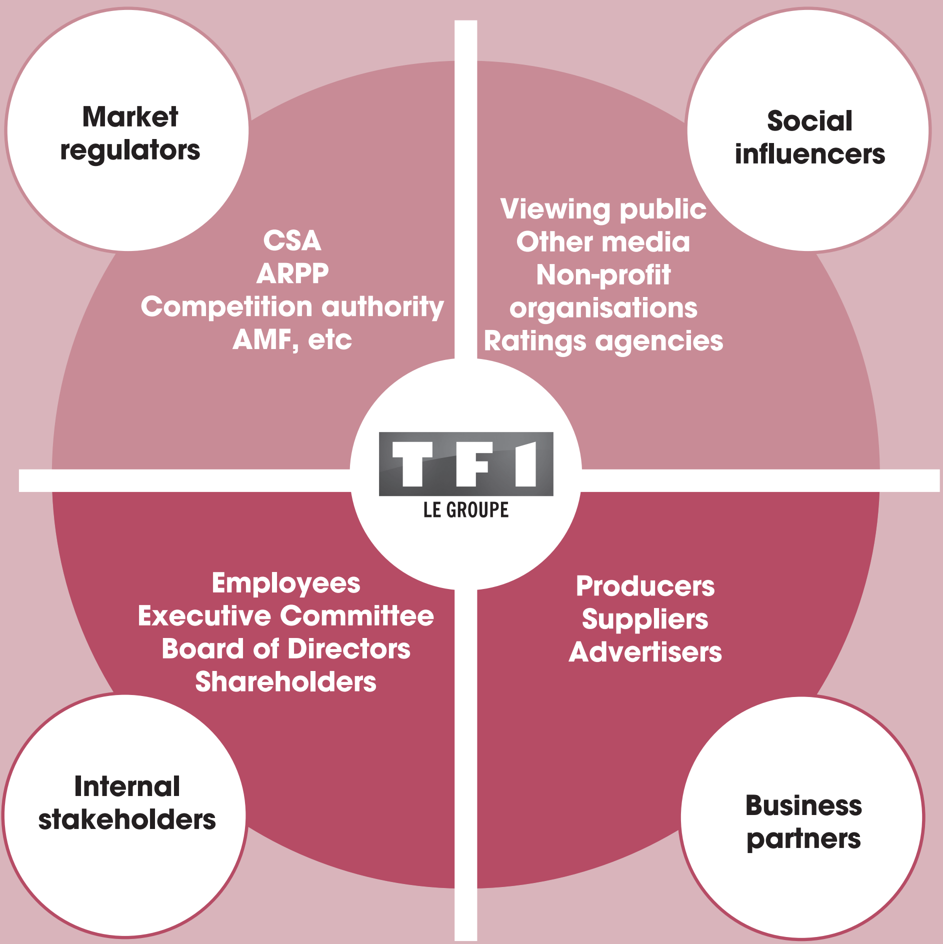
* 70% owned by the TF1 group.

** Owned 50/50 by the TF1 group and the M6 group.

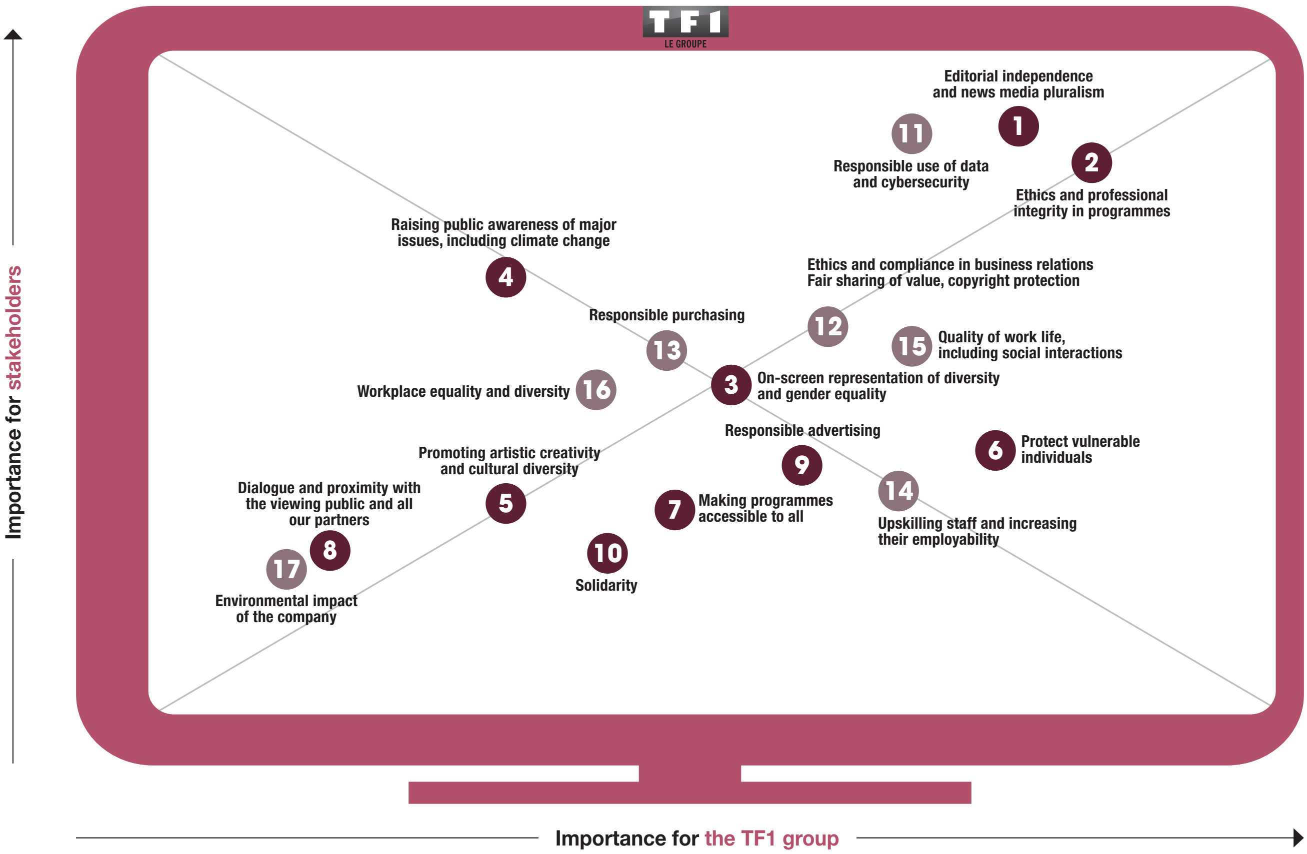
See Section 6.1.1 of the registration document for a simplified organisation chart showing the Group's subsidiaries.

OUR STAKEHOLDERS

In our corporate governance as in all our activities we apply ethical and responsible principles in our dealings with regulators, the viewing public, our customers and suppliers, and our staff. We account for our activities to the community in a manner that is **exhaustive** and **transparent**.



CSR – MATERIALITY MATRIX



ISSUES AND OBJECTIVES

Issues relating to content

1. Generate public confidence by providing news that is high-quality, independent and pluralist.
2. Unite the viewing public around programmes made for all, which comply strictly with ethical and professional commitments.
3. Reflect the diversity of French society in the content of our programmes fairly and without stereotyping.
4. Use programmes to raise public awareness of the main environmental and social challenges.
5. Enhance cultural offerings, favour the emergence of new talents, and encourage diversity of styles and modes of expression.
6. Provide an alert and protect vulnerable viewers such as children and teenagers from inappropriate content and addiction.
7. Programmes should be accessible to all, including people with sensory disabilities.
8. As the leading generalist media outlet, always listen to society in order to respond better to its needs. Making ourselves available to anyone who wants to contact the Group.
9. Respect our commitment to provide wholesome, true and honest advertising.
10. Support non-profit organisations that are involved in important issues, particularly by giving them broadcast time.

Issues relating to the company

11. Protect the personal data of our customers, consumers and staff, and guarantee that those data are handled and used responsibly.
12. Establish ethical and effective governance principles and transparent communication. Strive for fairness in the sharing of value created by the various players in the Group's ecosystem, in particular by protecting copyright, which is a major source of economic equilibrium in our sector.
13. Apply the TF1 group's social responsibility principles to the supply chain.
14. For the company: be able to rely on the competence and commitment of staff, and on the quality of training courses. For staff: acquire knowledge and expertise in line with the company's needs, and gain more autonomy in building a career.
15. Reduce occupational hazards, develop social dialogue, maintain the health and safety of staff and quality of work life.
16. Guarantee equality of opportunity, in particular providing work for disabled workers, and promote diversity in the company. Ensure there is gender balance in terms of seniority and pay.
17. Reduce the company's direct environmental footprint. Encourage the cinema and audiovisual sectors generally to incorporate environmental protection in their practices.

SHARE OWNERSHIP AND STOCK MARKET INFORMATION

SHARE FACTSHEET

LISTED ON: Euronext Paris

MARKET: Compartment A

ISIN CODE: FR0000054900

MAIN INDICES:
SBF 120,
CAC MID 60,
CAC MID & SMALL,
NEXT 150®,
EURO STOXX® TMI Media.

CSR INDICES:
Dow Jones Sustainability World Index,
Dow Jones Sustainability Europe Index,
GAÏA Index,
Oekom (Prime status),
MSCI (AA rating),
Ethibel Sustainability Europe,
Ethibel Excellence,
Ethibel Pioneer.

ROBECOSAM Sustainability Award Bronze Class 2018

Shares eligible for French equity savings plans (PEA) and the deferred settlement service (SRD) for long positions.

FINANCIAL TIMETABLE

19 April 2018
Annual General Meeting

25 April 2018
First-quarter revenue and financial statements

30 April 2018
Dividend ex date

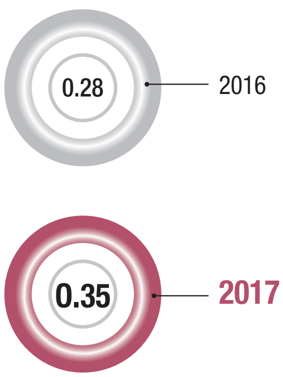
2 May 2018
Date of record for dividend payments

3 May 2018
Dividend payment date

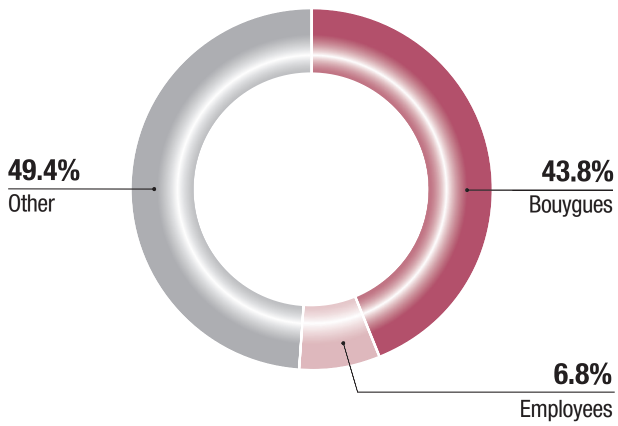
24 July 2018
2018 first-half revenue and financial statements

30 October 2018
2018 9-month revenue and financial statements

DIVIDEND FOR THE YEAR (€/SHARE)



SHARE OWNERSHIP AT 31/12/2017

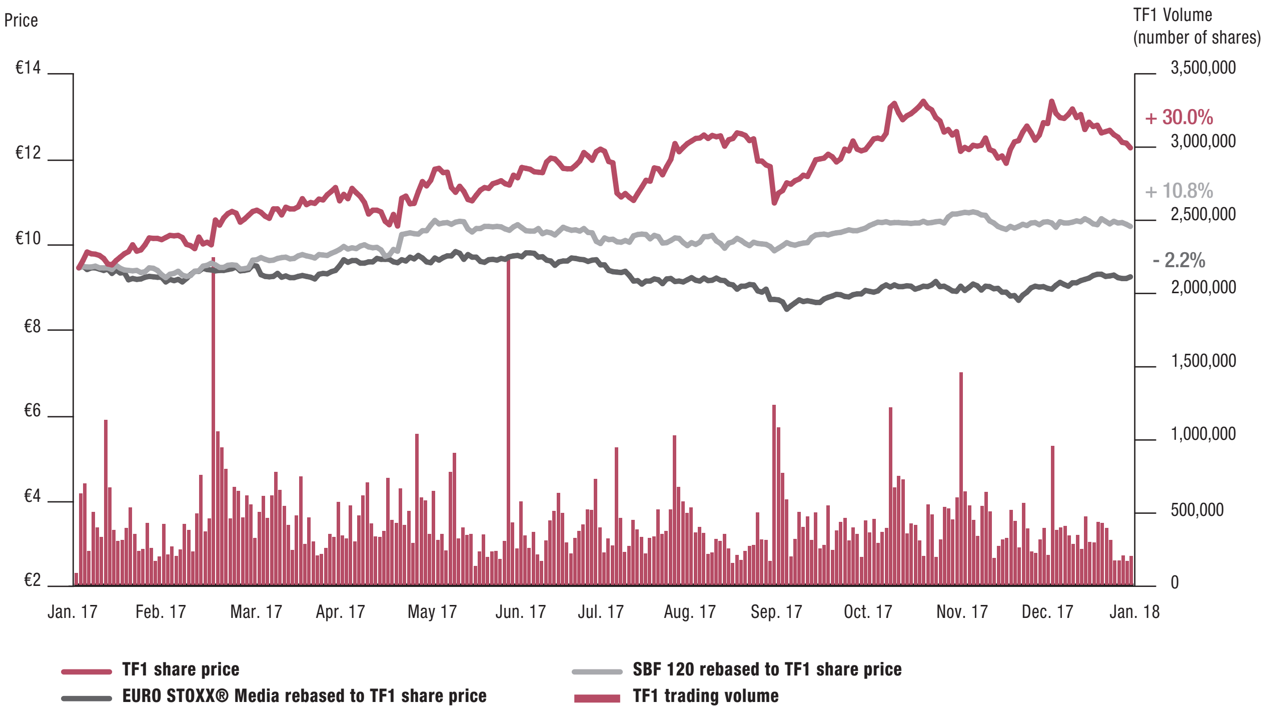


STOCK MARKET DATA

Share price *(€)*	**2017**	**2016**	**2015**
High(1)	13.43	11.99	17.17
Low(1)	9.35	7.80	9.73
2017 closing price	12.29	9.45	10.25
Performance over the year	+30%	-7.8%	-19.4%
CAC 40 performance over the year	+9.3%	+4.9%	+8.5%
SBF 120 performance over the year	+10.8%	+4.7%	+9.8%
Market capitalisation at 31 December *(€m)*	2,578	1,979	2,158
Average daily volume traded *(thousands of shares)*(2)	269	440	552
Number of shares in issue at 31 December *(millions of shares)*	209.9	209.4	210.5

(1) Highs and lows represent the outlying values recorded at close of trading.
(2) Source: Euronext.

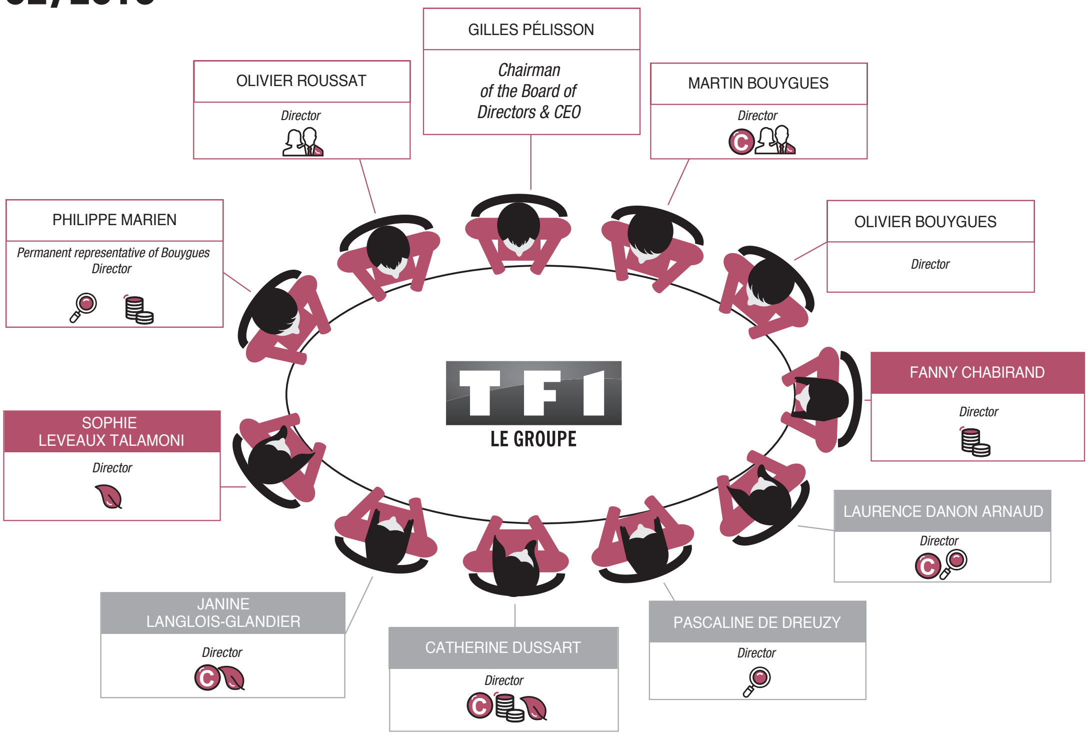
TF1 SHARE PRICE CHART



2. OUR GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS AND ITS SPECIALIST COMMITTEES

AT 15/02/2018



Employee representative Director

Independent Director

Committees

- Audit Committee
- Selection Committee
- Ethics and CSR Committee
- Remuneration Committee
- Committee Chairman

See Section 2.1.3 of the registration document for biographies of Board members.

PROFILE OF THE BOARD

AT 15/02/2018

11
DIRECTORS

9 YEARS
AVERAGE LENGTH OF SERVICE

44%
INDEPENDENT DIRECTORS(1)

7
MEETINGS IN 2017

2
EMPLOYEE REPRESENTATIVES

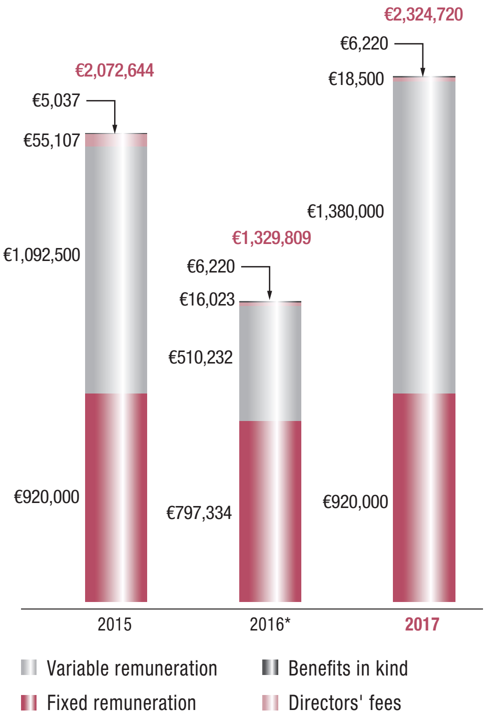
60 YEARS
AVERAGE AGE

44%
FEMALE DIRECTORS(1)

(1) Excluding employee representative Directors

EXECUTIVE OFFICER REMUNERATION POLICY: CRITERIA ALIGNED ON STRATEGY AND SUSTAINABLE DEVELOPMENT

TRENDS IN EXECUTIVE OFFICER'S REMUNERATION



Gilles Pélisson, Executive Officer since 19 February 2016.

EXECUTIVE OFFICER'S REMUNERATION

- No compensation for assumption, cessation or change of office.
- No deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.
- The remuneration determined by the Board of Directors is in the general interests of the company. Three factors are taken into account:
  - business performance,
  - stock market performance,
  - peer and intra-group comparisons;
- The fixed remuneration of the Executive Officer is reviewed annually by TF1's Board of Directors, after having consulted the Remuneration Committee. It is determined by taking into account the following factors:
  - the level and difficulty of the Executive Officer's responsibilities,
  - his experience in the post,
  - his length of service with the Group,
  - practices followed by the Group or by companies carrying on comparable businesses;
- Variable remuneration is contingent on the attainment of objectives based on collective and individual criteria, both quantitative and qualitative. The variable remuneration of the Executive Officer is defined according to five criteria and capped at 150% of his fixed remuneration.
- Since 1 January 2014, following a proposal from the Remuneration Committee, the Executive Officer's variable remuneration has included a criterion relating to the company's CSR performance, requiring that TF1 retain its place in at least four extra-financial CSR indices. During 2017, the TF1 group did indeed retain its place in four such extra-financial indices (DJSI, Ethibel, Gaia and Oekom).

REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

- From 2017 onwards, the variable compensation of each Executive Committee member also includes a CSR criterion, weighted at 5%. The actual criterion varies between each Executive Committee member, depending on their managerial responsibilities and the associated CSR issues.

3. OUR BUSINESS MODEL

THE 6 KINDS OF CAPITAL

FINANCIAL CAPITAL

- Capital contributed by the shareholders.
- Capital provided by banks.
- Profits generated by the company.

2017 HIGHLIGHT

Payment of a dividend of €0.35 per share out of 2017 profits.

KEY FIGURES

Shareholders' equity attributable to the Group at 31 December 2017: **€1,582 million.**

Market capitalisation at 31 December 2017: **€2.58 billion.**

Net cash position: **€257 million** at 31 December 2017.

MANUFACTURING CAPITAL

- TF1's main building, including 5 studios.
- Production equipment (from production to broadcast).
- Board game manufacturing facility for TF1 Entreprises.
- Home Shopping depot and warehouses.

2017 HIGHLIGHT

A new diversification for TF1: the *Seine Musicale* concert hall on the l'Île Seguin is a success, with more than 300,000 spectators since it first opened its doors in April 2017.

KEY FIGURES

Number of board games sold by TF1 Games Dujardin: **2.2 million.**

Number of hours of programmes broadcast by TF1: **7,517 hours.**

Number of news items carried on TF1 bulletins: **10,046.**

NATURAL RESOURCES

TF1's activities mainly use:

- electricity (office management processes);
- fuel oil (generators and outside broadcast units).

Most greenhouse gas emissions are generated outside the Group by audiovisual production activities. This led to TF1 setting up the Ecoprod collective in 2009.

TF1's main impact is its ability to raise public awareness of green issues.

2017 HIGHLIGHTS

Renewal for 2018 of the "kWh" power supply contract: every kWh consumed by TF1 commits EDF to produce the same quantity from installations using renewable energy sources.

A master class called *"Climat, comprendre et agir"* ("Climate, understand and act") was organised for the Group's staff.

An electric bike fleet was installed.

We launched our bid for ISO 50001 certification.

KEY FIGURES

In October 2017 Ushuaïa TV celebrated **30 years** of broadcasting the *Ushuaïa Nature* programme.

5.7% reduction in electricity consumption year-on-year.

58% of waste recycled or reused.

INTELLECTUAL CAPITAL

- Editorial expertise
- Production and acquisition of audiovisual rights (cinema, series, drama, sport etc.).
- Commercial expertise in advertising airtime sales and relationships with advertisers.
- Intellectual property developed in-house and TF1 group brands (games, formats, licences, etc.).
- The ability to innovate, especially in processes and technologies.

2017 HIGHLIGHT

TF1 partners Viva Technology, organiser of France's first world-scale event dedicated to innovation and the economy of tomorrow.

KEY FIGURES

7 start-ups incubated in 2017.

The MYTF1 platform on ISP set-top boxes attracted up to **11.7 million** unique users for catch-up TV(1).

1.3 billion free videos were watched on MYTF1(2).

HUMAN CAPITAL

- Talent pool and staff commitment.
- Training and upskilling, especially in the digital universe.
- Goal congruence and company loyalty.
- Equal opportunities and diversity.

2017 HIGHLIGHTS

The Diversity Label was renewed in July 2017.

Signature of the 4th agreement on the hiring and retention of people with disabilities.

An agreement on telecommuting was signed by all the trade unions.

Action plan to achieve better representation of women in news programmes: training of contributors (journalists, researchers, production staff), media training events devoted to female experts, meetings with editors, etc.).

Our "CONNECT course" (3 days of immersive training in the digital universe offered to all Group staff) obtained Master 1 level certification

KEY FIGURES

10th anniversary of the TF1 Foundation. **10th** annual intake of young people hired under the auspices of the Foundation.

10th anniversary of Mission Actions Handicap-Diversité.

42% of vacancies filled by internal transfers.

18% of women were mentored.

SOCIAL CAPITAL

- Public trust and loyalty.
- Respect for ethical commitments and professional integrity, which are core to our mission.
- Channels that listen to viewers and internet users.
- Commitment to promoting social cohesion and "living together better" in France.

2017 HIGHLIGHTS

Launch of *TF1 Initiatives,* a new approach to social engagement bringing together what we do in our broadcasting and corporate activities and *via* the TF1 Foundation to promote "living together better" in France. Three key themes: solidarity, inclusion and the sustainable society.

Partnership formed with *Respect Zone* to promote respect in digital spaces.

TF1 is included in the following sustainable development indices: DJSI, Oekom (Prime status), GAIA Index, Ethibel, MSCI (AA rating)

KEY FIGURES

84 of the top 100 audiences for the TF1 channel.

€38.7 million worth of advertising airtime donated, as well as other donations.

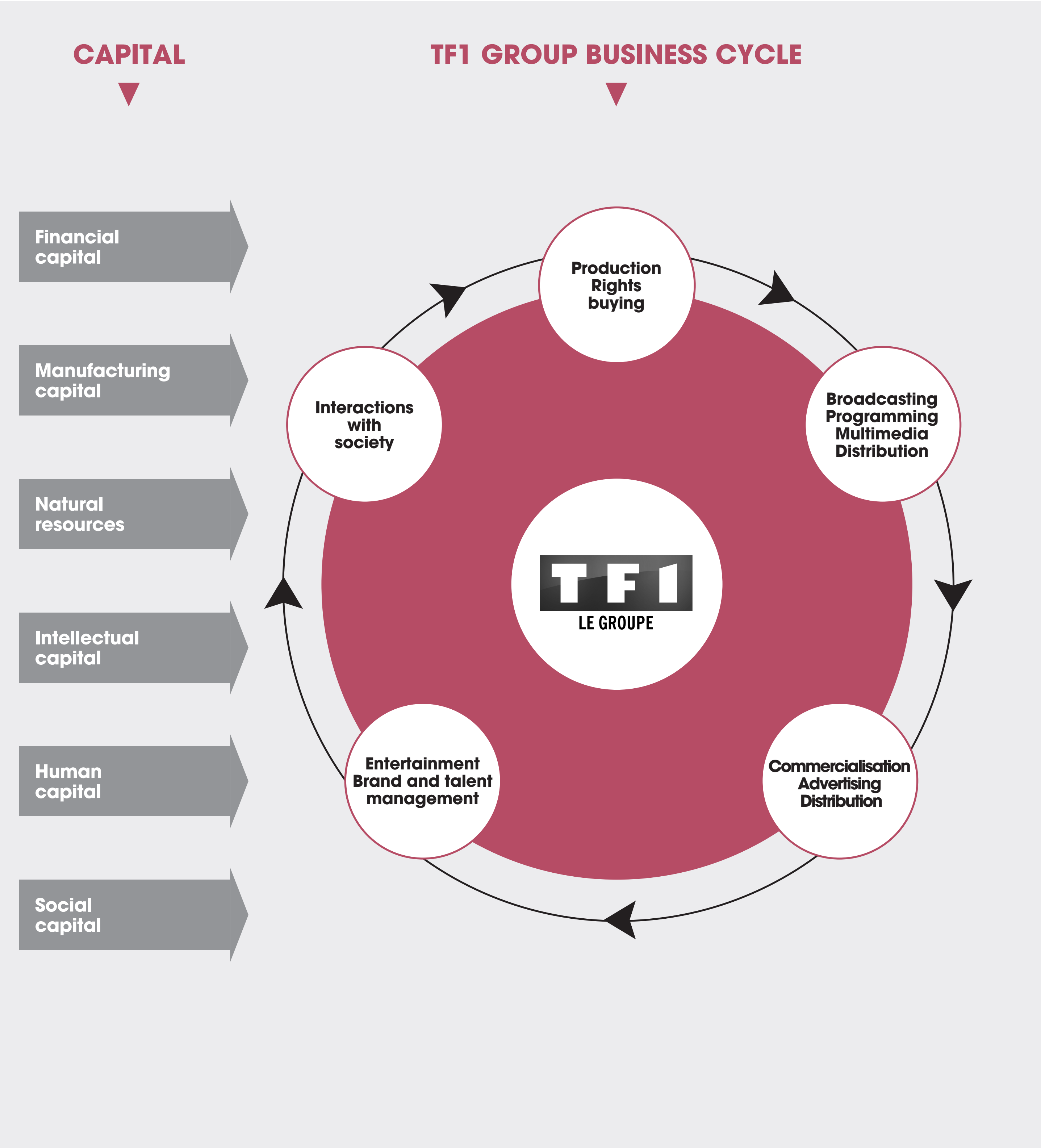
56,000 e-mail and phone responses given by the viewer help desk.

65 million social network subscribers.

(1) *Médiamat IPTV Médiamétrie.*

(2) *Excluding news content, XTRA content and live sessions.*

CREATING AND DISTRIBUTING VALUE



PRODUCTS

Broadcasting

Unencrypted and Pay-TV channels

Digital platform

Content

Advertising airtime

Studios and Entertainment

TV programmes and movies

VOD pay-to-view platform

Home shopping/e-commerce

Licences, board games, live shows, music

VALUE CREATED FOR / SUCCESSES

VIEWING PUBLIC

- All content genres across 5 unencrypted channels
- Live and catch-up offering on all platforms on all devices, for all audiences

Mass audience, loyal and engaged: France's no. 1 private-sector broadcaster.

OUR ADVERTISERS

- Variety of high-impact advertising slots for all targets
- Innovative solutions (multi-platform, digital, targeted, real-time, etc.)

Increase in the number of advertisers in 2017: +12.7%

FRENCH CONSUMERS

- High-quality, varied offering of consumer products and services (VOD, DVD, live shows, home shopping, etc.)

The film *alibi.com* is the biggest success in VOD for the year

REGULATORS, FRENCH STATE

- Scrupulous compliance with laws, regulations and commitments, with active involvement in policy-making
- Major contributor to society through taxes and duties paid in France

Proportion of Group programme budgets dedicated to works by "dependent" producers increased to 36%[1].

FRENCH AUDIOVISUAL LANDSCAPE

- Substantial financial contribution via the French production obligation promoting the development of the sector
- Responsible employer of talents in the French audiovisual industry

Supply of high-quality national content: French drama accounted for 42 of the top 100 audience ratings in 2017.

CIVIL SOCIETY, NOT-FOR-PROFIT ORGANISATIONS

- Promoting diversity in the workplace and in programmes
- Open to not-for-profit organisations via donations and free advertising time

Helped more than 120 non-profit organisations working in medical research and helping disadvantaged persons.

OUR STAFF

- Advantageous terms of employment
- Career and skills development favouring employability

Recruitment and retention of best talents.

OUR SHAREHOLDERS

- Maximising asset value
- Transparent communication
- High dividend pay-out ratio

Loyal, active shareholders Bouygues has been a shareholder since TF1 was privatised in 1987.

(1) *A tranche capped at 26% is reserved for subsidiaries of the TF1 group, with the remaining 10% representing "room for manoeuvre" enabling TF1 to obtain – on terms specified in the agreement – broader rights from production companies in which it does not own an equity interest.*

4. MARKET TRENDS: A SOURCE OF OPPORTUNITY

MACRO TRENDS	1 GLOBAL PLAYERS OMNIPRESENT	2 ONGOING CHANGES IN HOW VIDEO CONTENT IS CONSUMED
BACKGROUND	For several years, the media industry has been rocked by the rise of global players who are now omnipresent: the so-called FAANG companies (*Facebook*, *Apple*, *Amazon*, *Netflix*, *Google/YouTube*), which are able to increase their clout through the scale generated by captive ecosystems. In particular, they are setting new standards for content consumption and dominating the global digital advertising market, thereby capturing the vast majority of the growth. They have unrivalled spending power in content, in technologies and in innovation.	The consumption of video content is increasing[(1)], driven by the development of new distribution universes (especially the boom in OTT TV) and the arrival of new players. TV viewing time figures are holding steady and media usage is growing, particularly in non-linear video, mobile and social networks.
OPPORTUNITIES & RISKS	In order to compete with these global players, a number of alliances are springing up – in content, advertising monetisation, and around data. The TF1 group has recently expanded in these areas by acquiring production companies, developing its in-house production resources, and forming global alliances between distributors and producers. This was TF1's aim in its recent agreements with Prosieben, Mediaset Italy and Mediaset Spain in the production of digital content (Studio71) and the monetisation of its premium inventories (the pan-European EBX airtime sales agency). The Group has taken holdings in companies like Bonzai Digital (now called TF1 Digital Factory) and MinuteBuzz, and has also made a bid to acquire the aufeminin group in order to enhance the services offering for advertisers and open up new sources of monetisation.	There continues to be very strong demand among TV viewers for exclusive content, across all genres. As a result, TF1 achieved remarkable performance figures in 2017, for original drama (*Le Tueur du Lac,* with 7.2 million viewers), its news offering (*the Great Presidential Debate*, with 9.9 million viewers), and light entertainment (*Mission Enfoirés,* with 10.6 million viewers)[(2)]. We have reinforced our production capacity for exclusive premium content *via* our subsidiary Newen, which has acquired Blue Spirit (animation) and Tuvalu, and is also producing content for platforms like *Netflix* and *Amazon*. What's more, new ways of consuming provide more opportunities: TF1 group content is now available in multiple formats (direct, catch-up, bonus, etc.). Digital consumption of a linear programme can sometimes top 20% (in 2017, 24% of the average audience for *Grey's Anatomy* was non-linear). Meanwhile, we are developing formats adapted to audiences on platforms like *YouTube* and social networks thanks to Studio71 and MinuteBuzz, enabling us to produce content offers for targeted communities.
KEY INDICATORS	**Recent alliances** – In April 2016, NBCUniversal and Vox launched a digital advertising airtime sales platform for their respective media. Condé Nast joined the alliance in March 2017[(1)]. – In April 2017, Viacom, Fox and Turner announced the launch of the OpenAP platform, an open digital platform designed to enable advertisers to target audiences across distributors. – In June 2017, TF1, Mediaset and ProSiebenSat.1 announced they had set up the European Broadcaster Exchange (EBX) offering pan-European programme campaigns for their video inventories. In November 2017, Channel 4 joined the alliance. – Studio71: 8 billion videos viewed monthly worldwide[(2)]. EBX EUROPEAN BROADCASTER EXCHANGE 71 STUDIO71 *(1) Source: http://www.nbcuniversal.com.* *(2) Source: https://www.studio71.com/fr/*	– Over 10 billion videos viewed in 2017[(3)] across our entire digital output. – In 2017, out of a daily viewing time of 3 hours 51 minutes for French people across all consumption methods and screens, 20 minutes were devoted to new screens and catch-up (9%)[(4)]. *(1) Médiamétrie, consolidated individual viewing time data.* *(2) Médiamétrie, 100 best audiences of 2017.* *(3) Audiences for TF1 group digital content (MYTF1, LCI, MinuteBuzz and Studio71 France).* *(4) Médiamétrie press release L'année TV 2017 ("2017 TV year"), 24 January 2018.*

3 PLACING THE USER EXPERIENCE CENTRE STAGE	4 MONETISATION OF VIDEO CONTENT IS INSEPARABLE FROM TECHNOLOGY AND DATA
Consumer expectations in terms of the video experience are high. Services that have become the market standard reinforce consumer loyalty. For example, personalisation now allows each actor to anticipate the needs of their client, and offer them content that suits them according to their preferences. It is necessary to be always accessible, on all channels, in order to offer a unified omnichannel experience. Data capture and artificial intelligence enable the user experience to be enhanced via interfaces that are ever more technologically advanced and innovative, and affinity content that creates better engagement. Virtual assistants could play a key role in the client experience by helping users and offering recommendations.	Current technologies enable sales methods to be digitalised, leading to a boom in programmatic platforms (digital advertising space sales without human intervention). In addition, content consumption on digital enables useful segmented data to be created (consumption, usage, profiles, etc.), which helps advertisers increase the efficacy of their campaigns and measure performance better.
Historically, we have provided a large and powerful news and entertainment offering in order to guarantee satisfaction to the largest number of people on all media. In line with this mission, we are constantly developing our MYTF1 platform to provide a personalisable offer, *via* data collected in strict compliance with the law. In 2017, the MYTF1 digital universe adapted to new market conditions (by upgrading to the HTML5 file reader standard) and revamped the user experience (such as back-to-back episodes and new video recommendations). These innovations have accelerated thanks to the introduction of logins, which are now compulsory for viewing most content. We are also enhancing our digital offering by expanding the range of content made available to the public (previous seasons, entire seasons). All these developments improve the user experience and build user loyalty.	The relationship between our airtime sales agency and advertisers is becoming more automated with digital sales *via* the *La Box* tool, use of programmatic tools, analysis and processing of data, etc. We have installed a DMP (data management platform) to manage all the data we hold (and which we collected in strict compliance with the law). We use the data to improve the experience of users, who now have to set up a personalised account to gain full access to our products. Meanwhile, we are creating commercial solutions for advertisers based on more segmented targets, enabling their advertising campaigns to perform better.
Virtual assistants – Google reports having sold 10 million Google Home smart speakers between October and December 2017[1]. (1) https://www.lesechos.fr/tech-medias/hightech/0301117533727-google-affirme-avoir-deja-ecoule-10-millions-de-google-home-2143092.php	– Programmatic represented 62% of display ad purchases in 2017[1]. – No. of MYTF1 logins: 18 million at end-2017. (1) SRI.

5. STRATEGIC OBJECTIVES AND RESOURCE ALLOCATION

STRATEGY

Ambition for 2020: to be a market leader in multi-channel, multimedia, multi-platform media and entertainment content, fully integrated from production to distribution.

Strategic priorities: continue transforming the model while stepping up the search for new growth drivers to improve the profitability of the TF1 group, lifting current operating margin from 6% in 2016 and 9% in 2017 to above 10% by 2019.

STRATEGIC OBJECTIVE	STRATEGIC LEVER	PROOF

1 TRANSFORMING THE UNENCRYPTED TV MODEL

Strategic lever

We are looking to capitalise on our family of clearly defined and successfully repositioned unencrypted channels. Our intention is to retain classic event programming on our channels while evolving towards more mixed targets. We are also working to reinvent and reorganise our news offer.

Our positioning is supported by a continuation of the efforts made over recent years in adapting our business model.

We are building monetisation of our content by pursuing the digitalisation of sales methods and tools, and developing innovative commercial solutions in linear TV data and segmented TV. Brand monetisation and promotion is based on all of our assets, particularly diversification.

Finally, we have committed to dealing fairly with distributors when monetising our channels and add-on services.

Proof

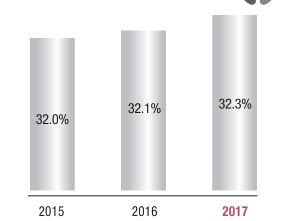
– Delivered: European Broadcaster Exchange

– Rebranding our DTT channels

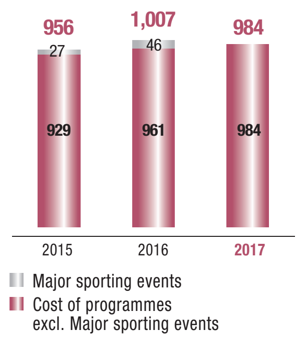
LCI → LCI
NT1 → TFX
HD1 → TF1 SÉRIES FILMS
TMC → TMC

– 2 TF1 Premium agreements signed

– Increase in the TF1 group audience share for Women under 50 purchasing decision-makers.



– Change in the cost of programmes for TF1 group unencrypted channels (€m)



2 FINDING NEW GROWTH DRIVERS

Strategic lever

The TF1 group is continuing to expand in production. We plan to seize opportunities to acquire new talents for our premium and digital content and to develop our customer portfolio in France and abroad, especially among digital platforms. We will create new formats to strengthen existing assets. To achieve this we will rely on Newen, which we may reinforce through acquisitions.

In digital, we are continuing our strategy. In particular, we are looking to address new communities. We are keen to offer advertisers innovative marketing solutions and become more adept at handling the advertising monetisation models used by the FAANG companies. We will continue to develop our programmatic offer and marketing content. Finally, we will seize opportunities to acquire blocks of digital competencies which would supplement our existing assets.

Proof

Production

– Acquisition of Tuvalu Media group

– Netflix-Newen agreement on production of the series *Osmosis*

Digital

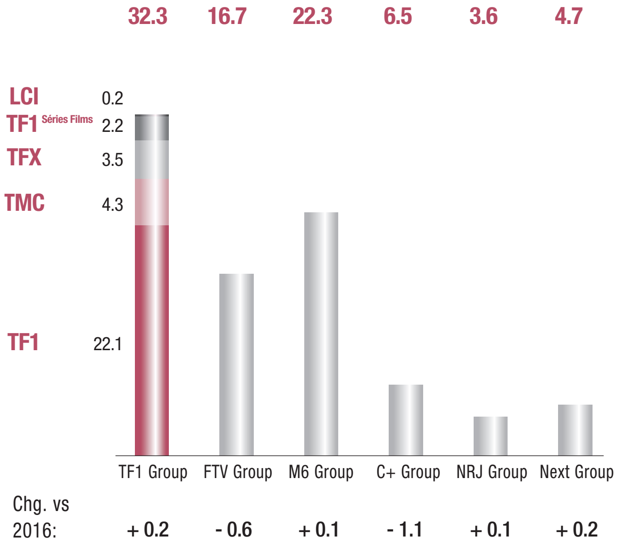
– New territories, new targets

– Acquisition of Mayane Communication by Neweb

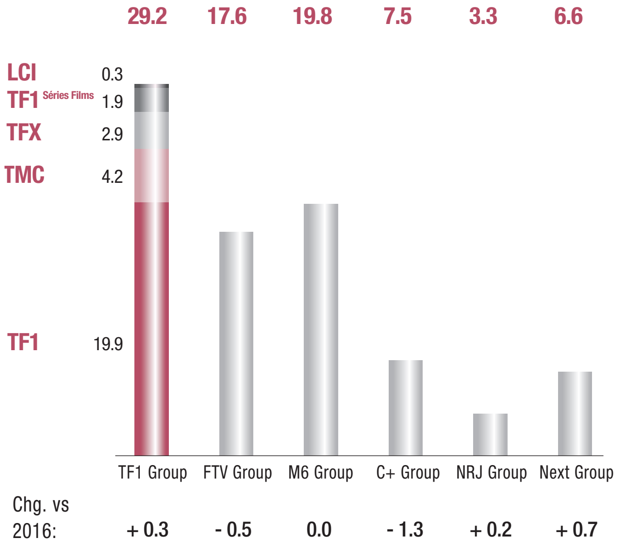
– Announcement of the binding offer for the aufeminin group

6. OUR PERFORMANCE

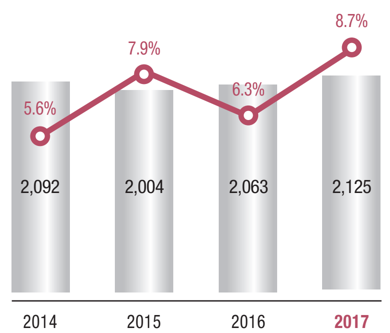
AUDIENCE SHARES OF WOMEN UNDER 50 PURCHASING DECISION-MAKERS (%)



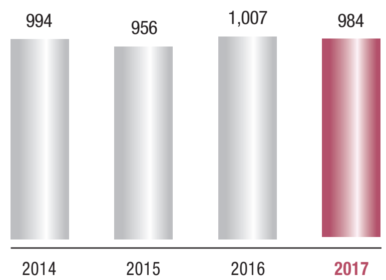
AUDIENCE SHARES OF INDIVIDUALS AGED 25 TO 49 (%)



TOTAL REVENUE (€M)/CURRENT OPERATING MARGIN



COST OF PROGRAMMES ON UNENCRYPTED CHANNELS (€M)



DYNAMIC ASSET MANAGEMENT

ACQUISITION OF TUVALU AND MAYANE BY NEWEN STUDIOS

CREATION OF EBX (EUROPEAN BROADCASTER EXCHANGE)

TF1 TAKES A STAKE IN STUDIO71 AND MINUTEBUZZ

DIVESTMENT OF THE EQUITY INTEREST IN GROUPE AB

SIGNATURE OF AN AGREEMENT FOR THE ACQUISITION OF THE AUFEMININ GROUP

TF1 TAKES A STAKE IN PLAY TWO

7. OUTLOOK

During 2018, the TF1 group will press ahead with its multi-channel, multi-media and multi-line strategy, and continue to grow its digital and production activities.

The Group will carry exclusive unencrypted coverage of 28 matches from the Football World Cup across its channels; continue to refresh its range of series *(La vérité sur l'affaire Harry Quebert),* French drama *(Les bracelets rouges, Insoupçonnable)* and entertainment *(L'aventure Robinson, Running Wild);* consolidate the access prime time slot *(Quotidien, Demain nous appartient);* and develop its news and current affairs offer.

In distribution, the Group will – in line with what was achieved with Altice-SFR in 2017 and Bouygues Telecom in early 2018 – offer TF1 Premium (content plus new services) to all operators.

In digital, the recently-announced acquisition of the aufeminin group will pave the way for a different relationship with advertisers built on strong internet audiences delivered by highly-engaged web communities around aufeminin brands (aufeminin.com, Marmiton, My Little Paris); these brands have a presence in over 20 countries, with many followers even paying for gift box plans(1). The integration of aufeminin with the TF1 group could take place (after clearance from the competition authorities) during the first half of 2018. This will be one of the priorities for accelerating the Group's digital transformation in 2018.

The TF1 group expects:

- from 2018 onwards: growth in current operating margin at Group level (excluding major sporting events);
- average annual cost of programmes reduced to €960 million (excluding major sporting events) for the five unencrypted channels for the 2018-2020 period, thanks to optimisation of investment in content.

As the same time, the TF1 group is reiterating:

- its ambition to deliver growth in revenue from activities other than advertising on the five unencrypted channels, with those other activities expected to account for at least one-third of consolidated revenue in 2019;
- its target of double-digit current operating margin in 2019.

(1) Under the "Beautiful Box" plan, users pay a monthly subscription and receive a surprise monthly gift box, which beauty brands can use to promote their products.

1

PRESENTATION OF THE TF1 GROUP

1.1 GROUP MARKETS

1.1.1 TELEVISION MARKET

Television is historically the core business of TF1 group which produces five unencrypted channels (TF1, TMC, TFX[(1)], TF1 Séries Films[(2)], LCI) and theme channels (TV Breizh, Histoire, Ushuaïa and Serieclub).

The television market has changed considerably in the last ten years:

- a growing number of channels with the arrival of DTT in 2005, then DTT HD in 2012, with the total number of unencrypted channels currently standing at 27;
- television equipment has improved significantly with the flat screen introduction of flat screens and the development of High Definition (HD);
- new personal, mobile screens have appeared *via* devices such as smartphones and tablets, promoting mobile consumption and the personalisation of media content;
- with generalised access to high-speed internet, these new uses have accelerated the delinearisation of content consumption, although linear consumption remains strong;
- pure player video entities such as Google, Amazon, Facebook, Apple and Netflix have consolidated their position, constituting a new way of broadcasting televisual content. These players are also starting to broadcast their services on television, in addition to computers and mobile apps.

1.1.1.1 FRENCH AUDIOVISUAL SECTOR, EQUIPMENT, RECEPTION MODES AND CONSUMPTION

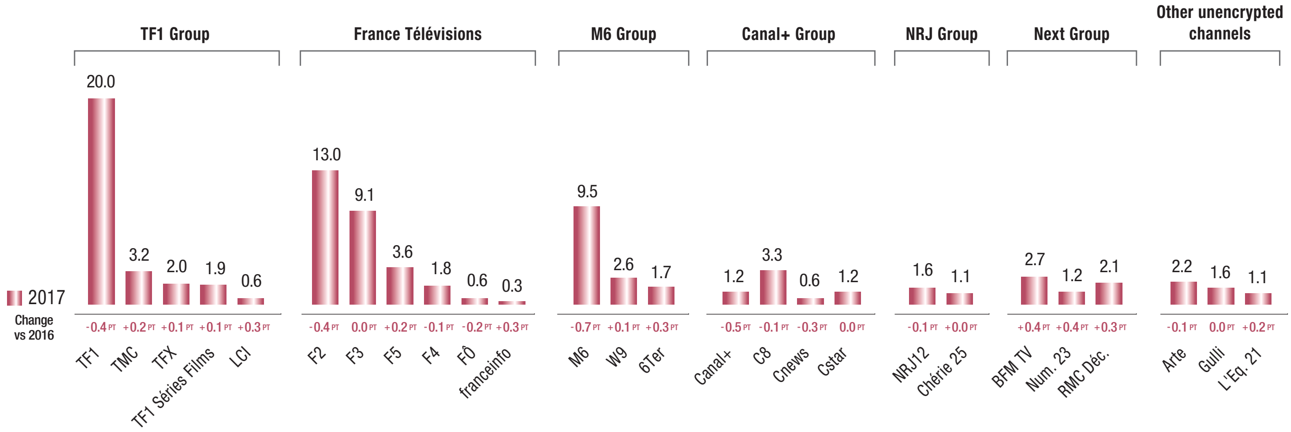
A CHANGING AUDIOVISUAL LANDSCAPE IN FRANCE

The French audiovisual landscape has changed considerably over the past several years:

- 6 unencrypted channels before 2005, 19 channels in 2005, 25 channels at the end of 2012 and 27 channels since 2016;
- emergence of new television operators (NextRadioTV, NRJ Group, Canal+, Lagardère, Amaury);
- reduced audiences for historical channels, who have sought to maintain their positions by acquiring more channels, either by bidding for spectrum, offered by the French broadcasting regulatory authority (CSA) or buying new channels entering the market.

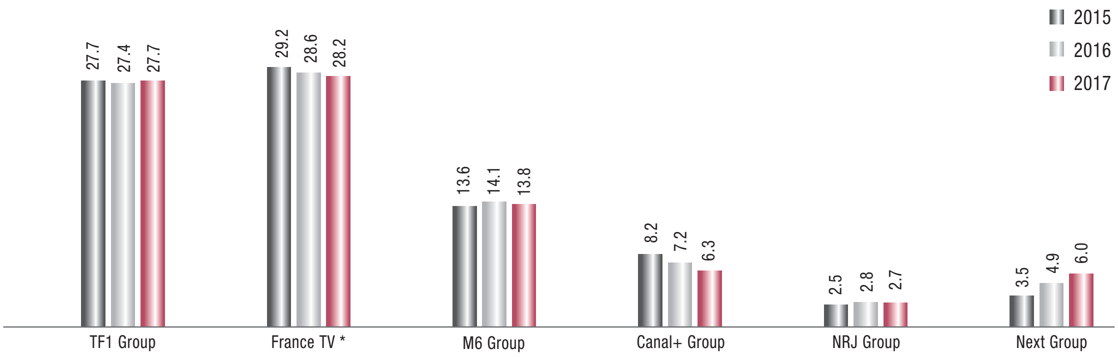
As a result of the larger channel offering and the changing audiovisual landscape, the channels' audience shares have evolved as shown in the graphs below[(3)]:

AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER



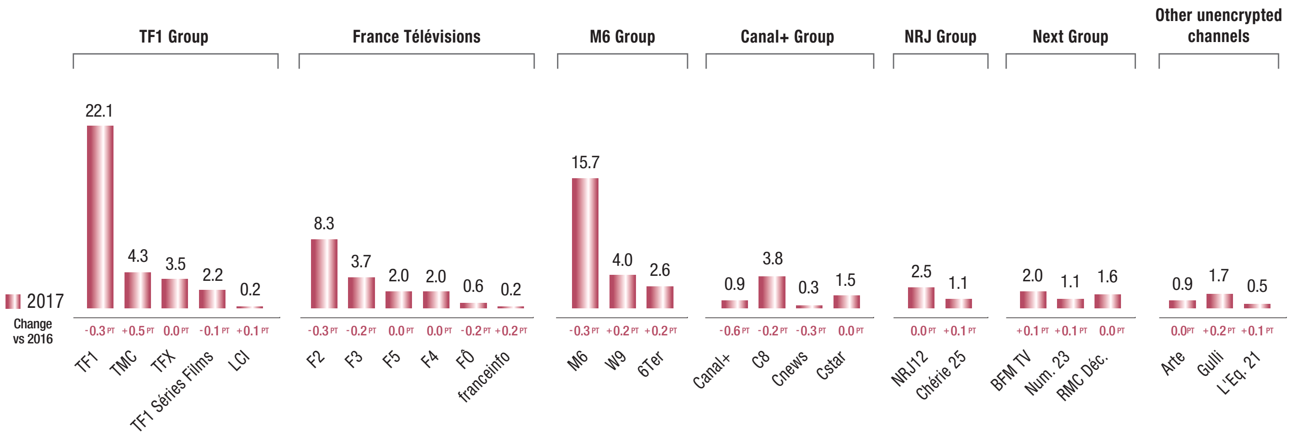
(1) Former NT1.
(2) Former HD1.
(3) Médiamétrie – Médiamat.

AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER

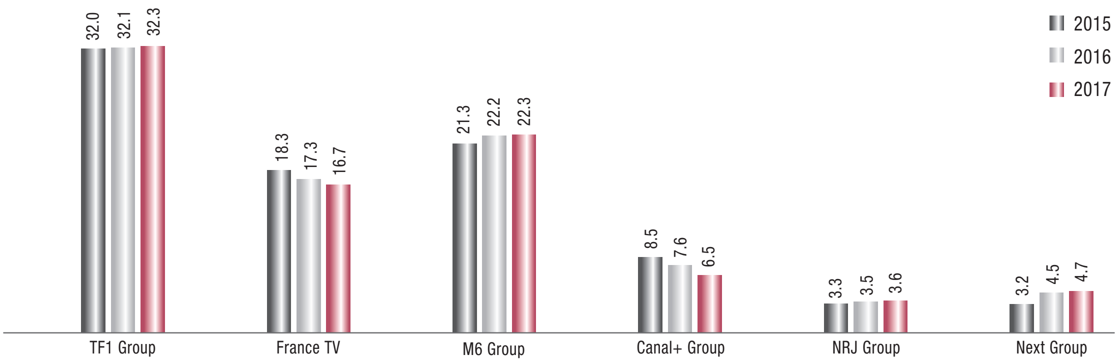


** Audience share recalculated, taking into consideration the unencrypted status of Franceinfo only as of October 2017.*

AUDIENCE SHARE OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS

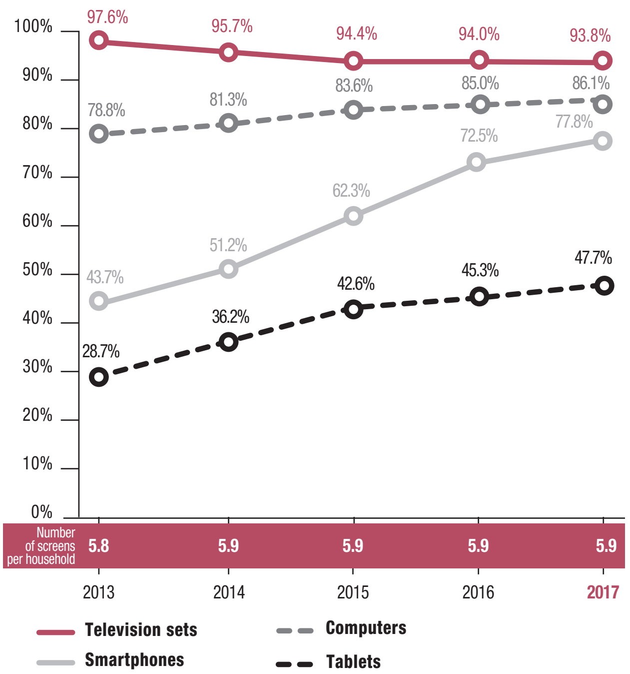


GROUP AUDIENCE SHARE OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS



AUDIOVISUAL EQUIPMENT(1)

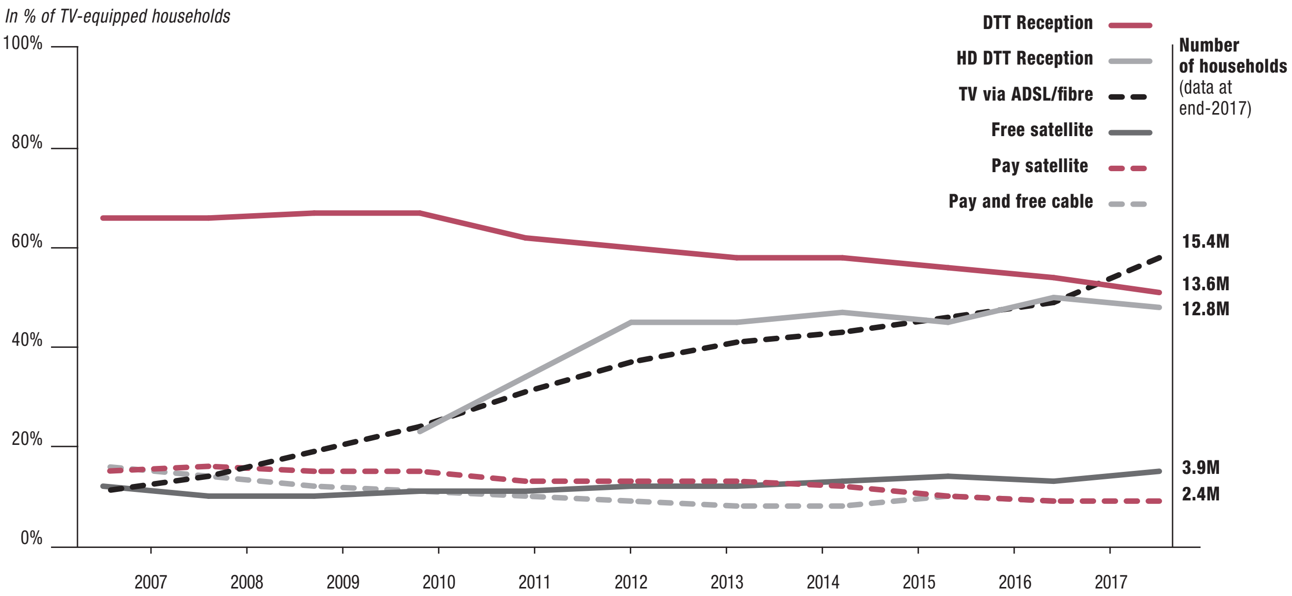
Almost every French household now has a television set: 94% have at least one TV set. The number of screens per household is stable at 5.9 screens, maintained by the number of mobile screens.



RECEPTION MODES(2)

In France, DTT is still the most popular way of receiving television, with 51% of homes connected. Since the end of the switch to all-digital, this TV reception mode has declined slightly, with a move toward ADSL.

Launched in 2002, ADSL television has proved a strong rival to analogue reception owning to an increase in the eligibility of households for triple-play internet offers. With 58% penetration, IPTV (television via ADSL, cable/fibre optic) continues to grow.

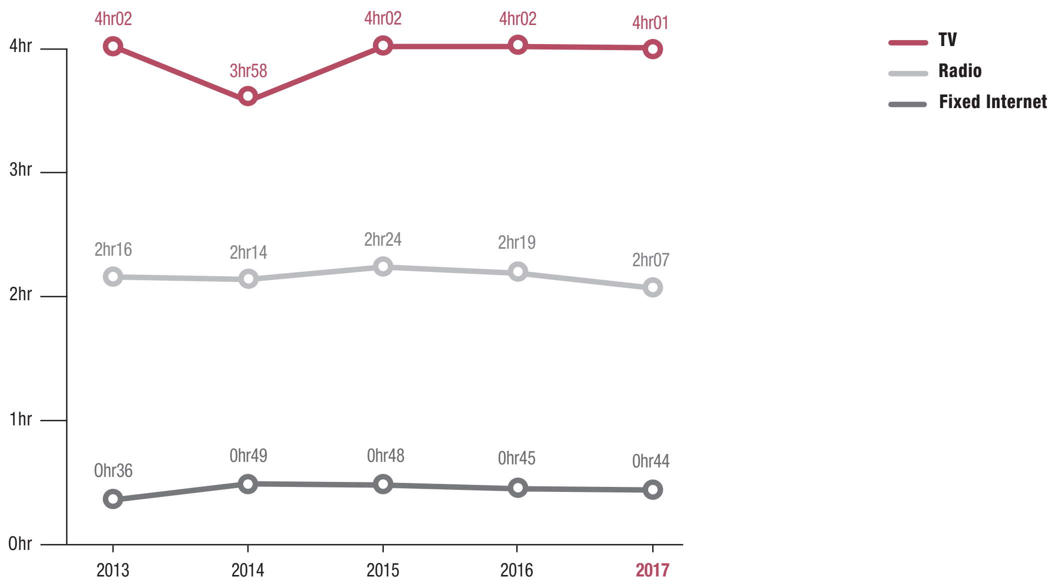


(1) Médiamétrie – Home Devices – End-of-year figures.
(2) Médiamétrie – Médiamat. Data at end of year.

CONSUMPTION

Television – the top media choice(1)

Television is still the most popular media with the French population on a daily basis. The average individual aged 15 and over in France watches an average of 4 hours and 1 minute of television a day, compared with 2 hours and 7 minutes for radio and 44 minutes for surfing on fixed internet.



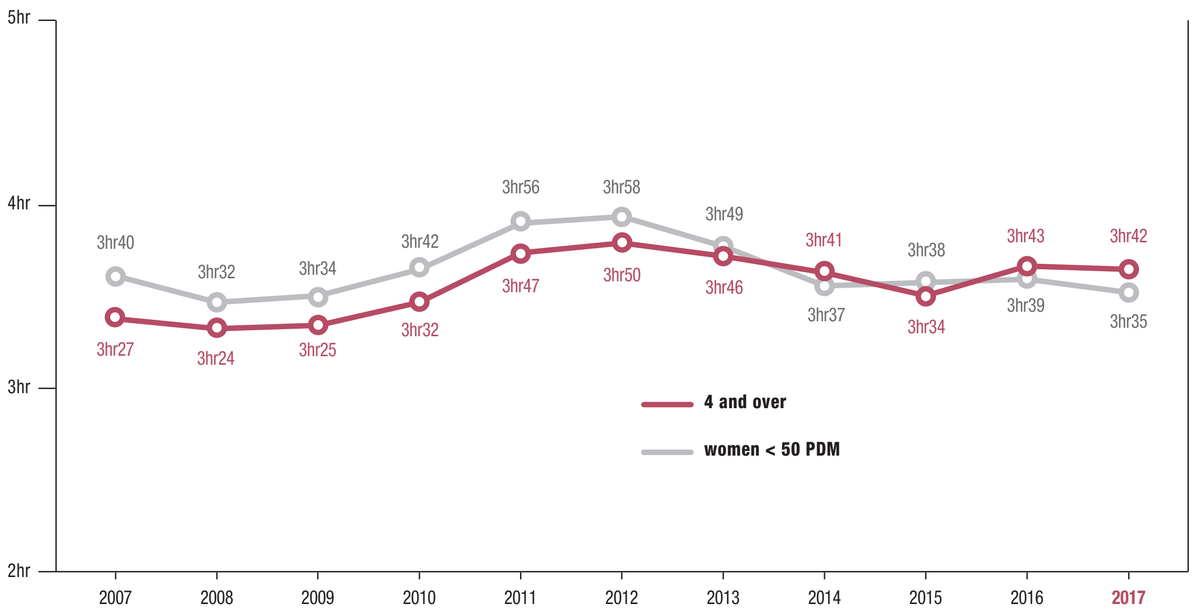
MEDIA CONSUMPTION OF 15+ INDIVIDUALS (HOUR/DAY/INDIVIDUAL)

TV viewing time remains at high(2) levels

Between 2016 and 2017, television consumption generally stabilised for individuals aged 4 and over, whilst it slightly decreased for women aged under 50 in charge of purchasing decision-making.

(1) Médiamétrie – Médiamat/126 000 Radio/NetRatings
(2) Médiamétrie – Médiamat. Consolidated data

INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS AGED 4 AND OVER AND WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS (W < 50 PDM)

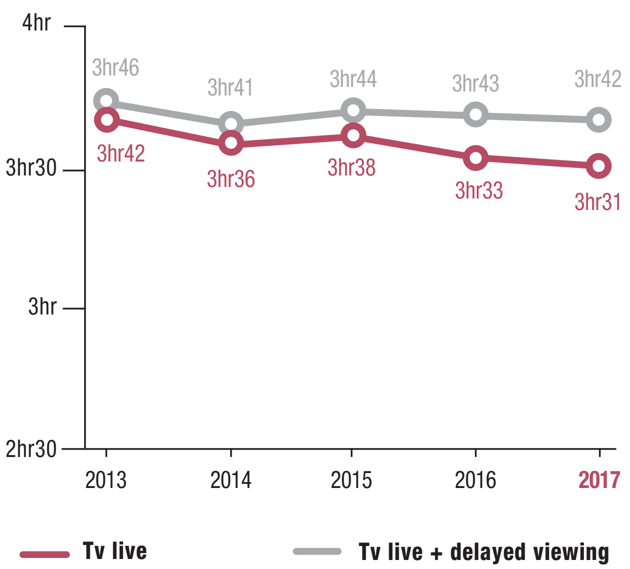


The gradual integration of delayed[(1)] viewing

Médiamat audience ratings have since January 2011 integrated private recordings on hard disk, DVD recorders and video cassette recorders. Catch-up TV viewing was included in audience ratings in October 2014.

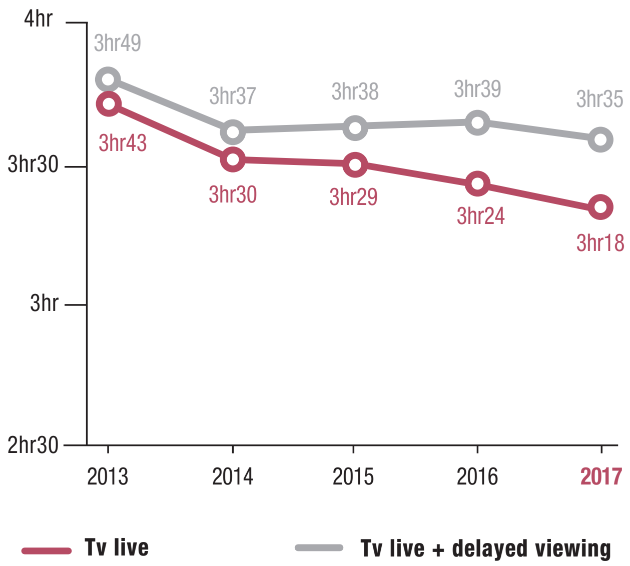
In all, delayed viewing by individuals aged 4 and over and women aged under 50 purchasing decision-makers accounts for 5% and 8% respectively of total viewing (11 and 17 minutes a day respectively).

INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS AGED 4 AND OVER



(1) Médiamétrie – Médiamat. Live and consolidated data

INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS



The other TV[1] viewing modes

Other TV viewing modes have yet to be integrated into Médiamat ratings. They account for 11 minutes 30 seconds of viewing per day, or 5.0% of the total:

- live viewing outside the home totals 4 minutes, 30 seconds a day, or 1.9% of total consumption. This figure does not include viewing at relatives' or friends' homes, which is already included in Médiamat statistics;
- live viewing on a non-TV medium (computer, smartphone or tablet) *comes out* at 4 minutes a day, or 1.7% of the Médiamat total;
- catch-up TV viewing on media other than TV sets comes out at 3 minutes, or 1.3% of the Médiamat total.

The growth in popularity of multi-screen usage

At the end of September 2017, nearly 46.6 million French citizens aged 15 and over had access to the Internet, or over 88.8% of the population.

The rise in the use of smartphones and tablets continued in 2017: 35.6 million French people use mobiles and 20.2 million tablets, whereas connections *via* computers increased slightly to 41.7 million.

Multi-screen technology has, however, been on offer from the TF1 group for a long time now with 15.7 million[2] French citizens accessing monthly the Group's websites and apps *via* the three digital screens. In detail, by device:

- 6.9 million[2] French citizens connect *via* their computers[3];
- 8.1 million[2] French citizens connect *via* their smartphones[3];
- 4.1 million[2] French citizens connect *via* tablet[3].

TF1 group channels, *via* their *inclusion* within the MYTF1 digital brand (TF1, TMC, TFX and TF1 Séries Films) are achieving good digital audience ratings, whatever the screen:

- 11.2 million French citizens watch one of the TF1 group's channels *via* their television sets[4];

And on MYTF1:

- 4.2 million French citizens watch videos on MYTF1 *via* their computers[5];
- 2.9 million French citizens watch videos on MYTF1 *via* their smartphones[5];
- 1.6 million French citizens watch videos on MYTF1 *via* their tablets[5].

The time spent per video viewer on the MYTF1 website is 1 hour and 58 minutes[5] a month on the three screens (and 2 hours and 6 minutes[5] on computers). MYTF1 is thus the leader on the three screens, with 8.5 million[5] unique video viewers.

(1) Médiamétrie – Global TV – April/June 2016 – 15+ individuals.
(2) Global internet ratings panel – Médiamétrie – September 2017.
(3) Connected at least once to the device.
(4) Médiamétrie – Médiamat. Data – December 2017.
(5) Global internet ratings panel Video – November 2017.

1.1.1.2 TRENDS IN THE TELEVISION MARKET

SLOWDOWN IN THE FRAGMENTATION OF UNENCRYPTED TELEVISION AND ONGOING RISE IN NON-LINEAR CONSUMPTION

The number of unencrypted channels in France is not expected to change significantly in the coming years.

The deployment of optical fibre is driven by the "*Fibre 2025*" plan (a government plan initiated in 2010 aimed at providing 100% of French households with ultra-high-speed connections by 2025), which should promote an increase in the number of households eligible for IPTV.

As a result, across all available screens, non-linear consumption of content should continue to rise, and its measure should be enhanced to take account of new uses.

1.1.2 ADVERTISING MARKET

1.1.2.1 CHANGE IN NET PLURIMEDIA INVESTMENTS IN 2017(1)

Note: On the date of publication of this report, IREP's results for 2017 had not yet been published. The IREP data provided below relates to the first nine months of 2017, while the SRI data cover the whole of 2017.

PLURIMEDIA ADVERTISING – NET DATA

Net plurimedia investments first 9 months of 2017	2017 Net revenue *(€m)*	Change 2017 vs 2016 *(%)*
Television	2,061	-0.3
Of which sponsoring	*134*	*+14.9*
Press	1,254	-7.4
Display	798	-3.9
Radio	368	-4.2
Cinema	62	+11.7
TOTAL	**4,677**	**-3.1**

Net annual digital investments 2017	2017 Net revenue (*€m*)	Change 2017 vs 2016 *(%)*
Annual Digital	4,094	+12.0
Of which Search	*2,050*	*+8.0*
Of which Display	*1,450*	*+20.0*

Over the first 9 months of 2017, revenues for the 5 historic medias (excluding digital) were down 3.1% (at €4,682 million versus €4,832 million in 2016). This decrease was driven by press, radio and display, all three showing strong falls. Cinema shows good growth (+11.7%) even though the related volumes are relatively low (€62 million). Television was stable, thanks to very strong momentum for sponsoring (due to regulatory changes during the year authorising sponsors to show their products on billboards).

Over the full year, the digital advertising market (driven by the display segment) posted growth of +12%. With €4,094 million in revenue (+€438 million versus 2016), digital should remain the leading media investment in France in 2017.

(1) *Source: IREP Reports – First nine months of 2017/ninth edition of the Observatoire de l'e-pub (Observatory of e-advertisement) from SRI, produced by PWC, in partnership with UDECAM, 25/01/2018.*

1.1.2.2 CHANGE IN GROSS PLURIMEDIA INVESTMENTS IN 2017, EXCLUDING *SEARCH*(1)

Note: Due to the difficulty of obtaining reliable gross data on digital investments, we excluded search investments from the plurimedia analysis, as well as the changes in gross revenues of internet display. However, to properly represent it, the estimate of gross advertising revenues in internet display is included in the calculation of media market share in 2017.

As a reminder, gross revenue and gross market share data are to be considered with caution given the substantial scale of discount rates, which vary from one media to the next.

In 2017, gross plurimedia advertising revenues were down by 2.2%. The incumbent advertising market (excluding digital), for its part, is showing stable gross revenue. Television (+6.2%) and Cinema (+11.5%) compensate for decreasing revenue from Press (-3.9%), Radio (-0.9%) and Display (-9.3%).

Annual plurimedia advertising spend	2017 Gross revenues *(€m)*	Change 2017 vs 2016 *(%)*	2017 Market share *(%)*
Television	**12,065.5**	**+6.2**	**40.3**
Unencrypted TV	*11,281.1*	*+6.4*	*37.7*
Pay-TV	*784.5*	*+4.2*	*2.6*
Press	**6,317.9**	**-3.9**	**21.1**
Display	**2,480.8**	**-9.3**	**8.3**
Radio	**4,955.0**	**-0.9**	**16.5**
Cinema	**568.4**	**+11.5**	**1.9**
Total excluding internet	**26,387.7**	**+0.8**	**88.1**
Internet excluding search	**3,575.4**	**-19.8**	**11.9**
TOTAL	**29,963.1**	**-2.2**	**100.0**

1.1.2.3 TELEVISION IN 2017(1)

TV MARKET (EXCLUDING SPONSORING)

In 2017, gross advertising revenues of TF1 Publicité excluding sponsoring were up by 8% to 5 billion euros. TF1 Publicité confirms its top position in the TV market, ahead of M6 Publicité, Canal+ Régie and Next Régie.

With gross advertising revenue of €3.6 billion, TF1 has a 29.5% market share, making it the top channel in the market. The Group's other unencrypted channels, TMC, TFX, TFX1 Séries Films and LCI posted impressive growth in 2017: they represent €1.4 billion (versus €1.1 billion in 2016) and account for 12% of gross TV advertising revenue (versus 9.4% in 2016).

GROSS MARKET SHARE OF TV CHANNELS – ALL TV (EXCLUDING SPONSORING)

	2017	2016	2015
Unencrypted television	**93.5%**	**93.4%**	**92.1%**
TF1 Publicité			
TF1	29.5%	31.4%	32.4%
TMC	5.3%	4.3%	4.1%
TFX	3.9%	3.2%	3.1%
TF1 Séries Films	2.2%	1.5%	1.6%
LCI(1)	0.7%	0.3%	0.1%
M6 Publicité			
M6	17.5%	17.2%	16.6%
W9 6TER(2)	6.0%	5.6%	5.1%

(1) Note: freeview switchover of the channel on 5 April 2016.
(2) W9 and 6Ter are marketed jointly in the Puissance TNT offer.

(1) Source: Gross advertising spend – extraction done on 29/01/2018 – Kantar Media – excluding TV sponsorship, self-promotion and subscriptions.

	2017	2016	2015
France Télévisions Pub			
France 2	3.1%	3.2%	3.0%
France 3	1.3%	1.3%	1.2%
France 4	0.3%	0.2%	0.2%
France 5	0.4%	0.4%	0.3%
France Ô	0.0%	0.0%	0.0%
Canal+ Régie[3]			
Canal+	n/a	1.7%	1.9%
C8	n/a	5.4%	4.1%
C8	6.0%	n/a	n/a
CNews	1.1%	1.9%	3.2%
CStar	1.9%	1.8%	2.5%
NEXT Régie			
BFM TV	3.9%	3.5%	3.1%
Numero 23[4]	0.9%	0.6%	0.8%
RMC Découverte[5]	n/a	n/a	1.5%
RMC Découverte (S)	2.5%	2.1%	n/a
NRJ Global			
Chérie 25	1.2%	1.0%	0.7%
NRJ12	3.1%	3.5%	3.5%
Lagardère Publicité			
Gulli	1.4%	1.9%	1.9%
Amaury Média			
L'Équipe 21	1.4%	1.2%	1.0%
Pay-TV channels	**6.5%**	**6.6%**	**7.9%**
TOTAL TELEVISION	**100%**	**100%**	**100%**

(1) Note: freeview switchover of the channel on 5 April 2016.
(2) W9 and 6Ter are marketed jointly in the Puissance TNT offer.
(3) CANAL+ and C8 are marketed jointly in the C8+ offer.
(4) N23 was marketed by TF1 Publicité until 2016.
(5) RMC Découverte, National Geographic Channel and Discovery Channel have been marketed jointly in the RMC Découverte offer since 2016.

1.1.2.4 DIGITAL DISPLAY IN 2017[1]

According to SRI France's e-advertising observatory, display continues to make strong progress (+20%), and reached €1,450 million net. Net display investments has now reached 35% of the digital market.

This growth is buoyed by different segments that are particularly dynamic, where the TF1 group is present:

- Digital video: +38% (of which mobile video +69% and IPTV at +35%);
- Programmatics: +41%;
- Social: +48%.

1.1.2.5 TF1 PUBLICITE

LARGEST VIDEO NETWORK: UNEQUALLED COVERAGE FOR ALL ADVERTISING TARGETS

In 2017, TF1 Publicité was able to capitalise on the success of TF1 group's multi-channel and multi-platform strategy to offer advertisers a full range of premium, powerful advertising options on all screens.

TF1 Publicité's diversified video offer, including the Group's five unencrypted channels (30 million viewers) daily[2], their digital variations (live digital, replay, highlights, bonus), and 100% digital assets, allow advertisers to address all commercial targets:

- The TF1 channel, at the heart of the advertising sales offer, brings together all audience types, thanks notably to its major events (France football team matches, *Concert des Enfoirés*), and its entertainment events (*The Voice*, *Koh Lanta*). In 2017, the renewal of TV access slot (launch of *The Wall* and *Demain nous appartient*) reinforced the channel's attractiveness in a strategic segment;
- The DTT channels, for which their complementary positioning was affirmed, enable precise affinity targeting:
  - TMC for 25-49-year-olds/ High Socio Professional Categories,
  - TFX for 15-34-year-olds,
  - TF1 Séries Films for Women 25-59 years old,
  - LCI for 25-59-year-olds/A+;
- The MYTF1 platform enables reinforced coverage across all targets, especially young people: at the end of 2017, 71% of French people aged 18-24 years old had a MYTF1[3] account. The leading replay offer for the 4 screens (IPTV, PC, mobile, tablet), MYTF1 today attracts over 20 million unique visitors each month[4];
- As a complement, TF1 Publicité has developed an affinity and social video offer targeting millennials[5], *via*:
  - the acquisition of MinuteBuzz (the leading French social media for 18-34-year-olds with 350 million videos viewed each month),
  - the launch of Studio71 France (world no. 3 Multi-Channel Network, with 200 channels in France, launched in collaboration with Mediaset Spain and Italy and ProSiebenSat.1),
  - the marketing of advertising space on Twitch (leading world *e-Sport* video platform with 1.4 million unique visitors each month in France).

Note: thanks to these developments and the ramp-up of MYTF1, TF1 Publicité's digital offer today attracts 22 million unique visitors and 850 million videos viewed per month.

A UNIQUE ABILITY TO MEET DIVERSIFIED COMMUNICATIONS CHALLENGES

The sales network's offer extends beyond video advertising, enabling it to meet very diversified communications challenges (special operations, brand content, proximity):

- TF1's flagship programmes are available in different forms in addition to their TV broadcasting, and may be used for special communication operations: the Group's stars can endorse brands, advertisers can film their adverts on programme sets or carry out product placement operations;
- TF1 Publicité is also a major player in the radio market, thanks to Indés Radio and MFM Radio. Over November-December 2017, Indés Radio confirmed its position as the leading offer for 25-49 year olds over 59 consecutive waves, with 19.1% in cumulated audience share, and the leading audience in France with 8.5 million listeners every day[6];
- Thanks to the numerous activities of TF1 group (TF1 Games, TF1 Licences, Seine Musicale, TF1 Spectacles), advertisers can also take advantage of non-media communications tools.

(1) Source: ninth edition of the Observatoire de l'e-pub (Observatory of e-advertisement) from SRI, produced by PWC, in partnership with UDECAM, 25/01/2018.
(2) Médiamétrie 2017.
(3) Calculation = Number of MYTF1 users 18-24-years-old logged in (DMP data)/total population of 18-24-year olds (Médiamétrie data).
(4) MMW December 2017; Médiamétrie Internet Global September 2017
(5) Studio71 & MinuteBuzz: November 2017; Twitch, LCI & MYTF1: Médiamétrie Internet Global June 2017, September 2017 and November 2017.
(6) Médiamétrie 126 000 Radio November-December 2017 – commercial audience share Base average ¼hr/cumulated audience: target 13 years +.

A DATA APPROACH SUPPORTING ADVERTISING PERFORMANCE

In 2017, TF1 Publicité continued its Data initiatives with the aim of offering a full range of targeting services, campaign effectiveness and ROI measurement, media planning optimisation according to performance KPIs and to prepare the arrival of segmented TV:

- Since the launch of OneData in 2015, TF1 Publicité enables advertisers to target beyond socio-demographic criteria for TV advertising. 44 "purchaser" targets (e.g. yoghurt buyers) are made available to customers and included in the industry benchmark media planning tools. The performance measurements carried out in 2016 and 2017 show the effectiveness of these new targets, with a value sales growth differential of +4% to +8%[1] between a campaign optimised with purchaser data targeting and one optimised with socio-demographic targeting for an equivalent budget;
- The arrival of mandatory logins on MYTF1 in April 2017 enabled TF1 group to enrich its DMP (Data Management Platform) with the profiles of over 16 million users. As a reminder, the DMP, launched in 2016, enables finer targeting based on databases from all the Group's digital assets (MYTF1, TFOU, MYTF1VOD, TF1 Conso, LCI, Téléshopping), as well as partner data (notably Axciom and Exelate);
- In 2017, TF1 group partnered with Realytics, leader in TV/Digital convergence, to launch TF1 Analytics, a solution allowing pure player advertisers to measure performance and optimise their TV drive-to-web and drive-to-app campaigns;
- In parallel, TF1 group, in association with the SNPTV, continues its initiatives in segmented TV. Today, a geolocalised advertising offer with IPTV is already available on over 5 million boxes.

1.1.2.6 THE OUTLOOK FOR 2018: A MULTI-CHANNEL, MULTI-SUPPORT, MULTI-PLATFORM AND MULTI-COUNTRY CONTENT MARKETPLACE

In 2018, TF1 Publicité, leading content marketplace in France, focuses its strategy on five priorities:

- **Useful power across all advertising targets** *via* the continued multi-channel strategy. Broadcasting positioning clarity is reinforced by the refoundation and rebranding of NT1 and HD1, which become TFX (the new reference channel for millennials) and TF1 Séries Films (100% drama offer). TF1 Publicité also affirms its positioning on masculine and High Socio Professional Categories targets thanks to the advertising coverage of the channels in the Discovery Communications group, and particularly Eurosport;
- **Ultra-premium advertising options** focusing on TF1 group's flagship programmes, specifically the 2018 Football World Cup broadcast by TF1 on unencrypted channels;
- **Reinforced audience planning capabilities**, thanks to Data. In TV, TF1 Publicité makes 10 new attitudinal targets available, and offers advertisers custom targets, designed to meet their needs. In digital, a new Data alliance with *RelevanC* enables targeting based on real purchasing data in Casino group stores;
- **Products focusing on TV/Digital**, to meet new market demands. Tested in 2017, the MyTNT1 product, which enables 4-screen campaign purchasing (TV, IPTV PC, Mobile/Tablet), is now available for all targets. In parallel, TF1 Publicité is digitalising its TV purchasing modes, becoming the first advertising sales house to offer Clic&Buy TV purchasing (*via Achat Express*), and by committing to campaign performance on sales with MPI Performance;
- **An acceleration in programmatics with a new international footprint.** 2018 will see the launch of EBX (European Broadcaster Exchange), a pan-European programmatic network launched with ProSiebenSat.1, Mediaset, and Channel4.

(1) *MarketingScan tests – TV campaigns broadcast between October 2015 and October 2017*

1.1.3 RIGHTS AND CONTENT MARKET

AUDIOVISUAL PRODUCTION

TF1 is present in television production *via* its subsidiary, TF1 Production, and the Newen group.

This sector has undergone significant changes over the last few years worldwide. Firstly, major industry players have merged, with for example, the entry of Vivendi Group into the capital of Banijay Group, number 3 in European audiovisual production.

In addition, traditional television operators acquired major interests in production companies. Among the most striking events, there was the merger of Discovery Communications and Liberty Global in order to purchase the All3Media production company as well as the British television group, ITV, which concluded its takeover of Talpa Media. Vivendi also signed an agreement to acquire a 26% stake in the company resulting from the Banijay and Zodiak merger. Lastly, at the beginning of 2016, the TF1 group acquired a controlling interest in the Newen production company, a major player in television production in France and with an international presence.

In France, the industry is built around the relationship between producers and broadcasters which is governed by regulatory restrictions prohibiting the emergence of large national groups. In order to compete on an international level, French broadcasters, including public service broadcasters, aspire to integrate production companies.

This would require a change in the law which currently prohibits TF1 from devoting any more than 36% of its obligation to invest in the production of proprietary audiovisual works to dependent companies (companies in which TF1 has more than a 15% interest).

The production sector is fragmented in France, with no body or organisation producing an inventory of companies in the segment.

FILM PRODUCTION

The TF1 group is a major player in cinema in France, present throughout the entire value chain:

- financing and production: TF1 Films Production; TF1 Droits Audiovisuels;
- theatre distribution: TF1 Droits Audiovisuels;
- physical and digital video distribution: TF1 Vidéo;
- unencrypted channels distribution: TF1 – TMC – TFX – TF1 Séries Films;
- catalogue distribution: TF1 Droits Audiovisuels.

Through its TF1 Films Production subsidiary, the Group co-produces and pre-buys mostly entertainment films for family, intended for broadcast on its channels and in response to its obligations to invest in French film production as set forth in the agreement with the CSA.

In France, the operating cycle for a work of cinema is regulated by the media chronology below:

MEDIA CHRONOLOGY

DURATION AFTER THEATRICAL RELEASE	4 months	10 months	12 months	22 months	24 months	30 months	36 months
	DVD/Blu-ray - Pay VOD						
		1st window Pay-TV (cinema services) *agreement with professional organisations*					
			1st window Pay-TV (cinema services) *in other cases*				
				2nd window Pay-TV (cinema services) *agreement with professional organisations*			
					2nd window Pay-TV (cinema services) *in other cases*		
				Freeview TV and Pay-TV (excluding cinema services) *where the service applies co-production commitments of a minimum 3.2% of revenues*			
						Freeview TV and Pay-TV (excluding cinema services) *in other cases*	
							SVOD

After a particularly high level in 2016, cinema attendance in 2017 reached 209.2 million tickets (-1.8% over one year), the 3rd highest level for 50 years, and well above the average for the last ten years (205 million). For the fourth consecutive year, cinema attendance crossed the 200 million threshold. Attendance in France in 2017 remained the highest in Europe.

Attendance at French films increased by 2.6% in 2017 to reach 78.19 million tickets. The market share for French films grew to 37.4% in 2017 compared to 35.8% in 2016.

Attendance at US films decreased by 8.6% to 102.04 million tickets in 2017. The market share for American films is estimated at 48.8% in 2017, compared to 52.9% in 2016.

In 2017, four French films generated over three million tickets, compared to two in 2016. 17 French films generated over one million tickets (compared to 18 in 2016).

The table below outlines the films with the highest attendance in 2017:

Film	Country	Tickets sold *(in millions)*
Episode 8, The Last Jedi	USA	6.5
Despicable Me 3	USA	5.6
*Raid dingue**	France	4.6
*Valerian and the City of a Thousand Planets**	France	4
Boss Baby	USA	3.9
Coco	USA	3.9
Fast & Furious 8	USA	3.8
Pirates of the Caribbean: Dead Men Tell No Tales	USA	3.7
*Alibi.com**	France	3.6

* *Films co-produced by TF1 Films Production*

THE VIDEO MARKET(1)

TF1 group is present in the video market *via* its subsidiary, TF1 Vidéo, whose activity is now consolidated with TF1 Studio:

- as a publisher of multimedia programmes to be used in physical video formats (DVD and Blu-ray) and digital video (VOD), TF1 Vidéo acquires operating rights for audiovisual programmes (including films, series and live shows) for these uses, with the video and digital publishing and distribution assumed by TF1 Droits Audiovisuels (the development, co-production and acquisition of all rights are also part of the new TFI Studio entity).

  Whilst the physical video market in France remained on a downward trend in 2017 (-9.8% for total consumer revenue), it still accounts for nearly €540 million in 2017, compared to around €240 million for the VOD total. In this context, TF1 Vidéo's market share in the physical market remained stable at around 5% in 2017;
- as a digital distributor, TF1 Vidéo operates the VOD service, MYTF1VOD, currently available *via* certain ISPs (Free, Bouygues Telecom), some hardware manufacturers (connected products: TV, game consoles, etc.) as well as directly in *OTT* (web, Ios/Android apps). Since the end of 2016, MYTF1VOD teams also operate TFOU Max, the S-VOD service (subscription video on demand) for children, with growth in 2017 and now viewed in almost 600,000 households.

If we add the €250 million in total consumer revenue for transactional VOD to the €242 million in total consumer revenue for S-VOD, the total VOD France would represent €492 million in 2017, up 35% over one year. The digital market remained dynamic due to the supply of popular titles, platform activism – with the implementation of transversal marketing operations such as *Fête de la VOD* – the deployment of EST products supported by the operators and the main US studios, as well as the launch of Netflix in France.

Reminder: The pay digital video market is structured around three types of Consumer Products:

- video on demand;
- permanent downloads (or EST, Electronic Sell-Through);
- unlimited access subscription (or SVOD, Subscription Video on Demand).

(1) GfK.

THE BOARD GAME MARKET[1]

TF1 group operates in the board game market through TF1 Games-Dujardin, a department of TF1 Entertainment.

The market had €274 million in revenue in 2017, up 2% in one year.

In 2017, the main player in France was Hasbro (*Monopoly*, *Pay Day*, *Pie Face*). Hasbro's main competitors are: Goliath Game (*Rubik's Cube spark*, *Filou Chiptou*), Asmodee (*Time's up*, *Dobble*), and TF1 Games-Dujardin with a 7% market share.

TF1 Games-Dujardin sells board games based on non-scripted TF1 channel programmes (including *The Wall*, *Money Drop*, *Vendredi tout est permis*, etc.).

TF1 Games-Dujardin also publishes French heritage brands such as *Mille Bornes* and its numerous versions, and *Le Cochon Qui Rit* in France and internationally.

Lastly, TF1 Games-Dujardin successfully develops and distributes action games for children, such as *Power Quest*, *Tresor Detector*, *Chrono Bomb* and more recently, *Escape Game*.

THE LICENCE MARKET

The TF1 group operates in the licence market through TF1 Licences, a department of TF1 Entertainment.

The licence market in France features the following players:

- international brand owners (Disney, Warner, etc.) that sell their brands directly and also call on French licence agents to take advantage of their knowledge of local market specifics;
- international brand agents (CPLG, The Licensing company, etc.);
- French brand agents (TF1 Licences or France Télévisions Distribution).

While there are no specific market indicators for licences, the market is correlated to French household consumption and to the ability of rights holders to invest in the promotion of their brands.

TF1 Licences is one of the French leaders in the licence market in France. It brings customers two types of exploitation of their brands:

- industrial licences: the sale of a product associated with a brand (for example, Ushuaïa beauty products) in exchange for royalties;
- promotional licences: associating a brand with a programme to boost visibility, in exchange for a flat-rate fee.

TF1 Licences is the agent for brands seen on TF1 group channels (*The Voice*, *Danse avec les Stars*, etc.) as well as for a range of powerful brands (*Barbapapa*, *The Smurfs*, *All Blacks*). These brands can be divided into two main categories: "Children" for the youth market and "Family" for a broader public.

(1) NPD (covering 75% of retailers).

1.2 GROUP ACTIVITIES

1.2.1 GROUP ACTIVITIES BY SECTOR

1.2.1.1 BROADCASTING

TF1

In 2017, in a highly competitive environment, TF1 confirmed its position as a major mainstream and event-based channel. TF1 has the top audience rating for television, and placed all its programme genres in the top 100 audience ratings of the year.

Leader across all audience types and advertising targets with 20% in annual audience share and 22,1% in audience share for women aged under 50 purchasing decision-makers, TF1, with its *partageons des ondes positives* (sharing positive waves) tag-line, receives nearly 25 million viewers every day, and in this way is the leading place for the development of social bonds in France.

TMC

TMC has become the premium DTT channel, embodied by *Quotidien*, presented by Yann Barthès and his team. This unique editorial approach became the benchmark talkshow of DTT in 2017. The channel achieved a record audience this year with the semi-final of the *World Handball Championship*. It also stands out with a competitive cinema offer and *live* concerts, including *Soprano* in Marseille. This event-based programming helped the channel to achieve its best annual performance since 2013 with 3.2% in audience share.

TFX (FORMERLY NT1)

TFX is the Group's channel targeting a *Millennial* audience. In 2017, it achieved a record year for young people (4.3% audience share) and women aged under 50 purchasing decision-makers (3.5% audience share) thanks to its reality TV offer (*La villa des cœurs brisés*, *10 couples parfaits* and *Secret Story*).

It achieved its best audience of the year with the film *The Bourne Supremacy*.

As part of its development, NT1 benefited from a complete *rebranding* to become TFX on 30 January 2018.

TF1 SERIES FILMS (FORMERLY HD1)

TF1 Séries Films is the TF1 Group's 100% cinema-series channel. In 2017, it achieved an historic year with 1.9% audience share for individuals aged four and over, and 2.2% audience share for women aged under 50 purchasing decision-makers.

TF1's French drama events are now an integral part of TF1 Séries Films' offer (*Demain nous appartient*, *Le tueur du lac*, *Coup de foudre à Noël*).

As part of its development, HD1 benefited from a complete rebranding to become TF1 Séries Films on 29 January 2018.

LCI

LCI is TF1 Group's news channel. Since its move to unencrypted DTT, LCI has doubled its audience share to become the 2nd leading news channel in France. Since September, the channel offers new debate programmes, and successfully welcomed new signatures, including David Pujadas, Natacha Polony, Roselyne Bachelot, and Pascale de la Tour du Pin.

It proposes an ambitious version of its programme offer on digital media and social networks.

MYTF1

MYTF1 is the Group's digital platform, for broadcasting content in replay. MYTF1 is available on computers, smartphones and tablets, and included in the TV offers (IPTV) of the main internet service providers in France.

In 2017, the Group's digital video audiences increased to reach 1.7 billion videos viewed.

TF1 PUBLICITE

TF1 Group's Advertising Department, the leading content marketplace in France, is the business partner for advertisers and agencies.

It markets the most complete product on the market for meeting targeting and coverage requirements. Thanks to its content marketplace, a real gateway to a multi-screen media product, which is expanded by means of events and distribution channels (licensing and products), it creates a relevant and value added system for clients.

Following the acquisition of MinuteBuzz at the end of 2016, the Department continued its digital development in 2017, and affirmed its international position, thanks to the entry of the TF1 Group into the capital of Studio71, the third global Multi Channel Network, and the creation of the pan-European EBX network (European Broadcaster Exchange).

TF1 Publicité markets numerous TV platforms (TF1, TMC, TFX, TF1 Séries Films, LCI, Ushuaïa TV, Histoire, TV Breizh, the channels of the Discovery Communications Group and Eurosport), digital platforms (MYTF1, Studio71, Twitch, TFou), and radio with Indés Radio (association of 130 local stations), a powerful French overseas departments offer (Régie Radio Océan Indien, RCI, R2GP) and MFM Radio.

TF1 PRODUCTION

TF1 Production covers the Group's internal production activities, excluding television news and programmes managed by the News Division. The subsidiary is made up of the following departments:

- the Magazines Department is responsible for producing magazine programmes (*50' Inside*, *90' Enquêtes*, *Chroniques Criminelles*, *Appels d'urgence*, etc.);
- the Entertainment, Games and Reality TV Department produces, in particular, the programmes *Danse avec les Stars*, *Ninja Warrior*, *C'est Canteloup*, *NRJ Music Awards*, *Mon plus beau Noël*, etc.;
- the Sports Department produces sporting events for which TF1 holds the rights (*Football World Cup*, *Confederation Cup*, *Rugby World Cup*, *Handball World Championship*) as well as sports round-ups aired on Sundays, such as *Automoto* and *Téléfoot*;
- the Advertising and *Corporate Department* manages, designs and produces advertising spots, special operations, short programmes (*Du côté de chez vous*) and also produces corporate films;
- the Animated Film Department which delivered *Mini Ninjas* in 2015, its first animated series, and in 2017, season 2 of *Mini Ninjas* and *Kikoumba*, an original production.

TF1 FILMS PRODUCTION

TF1 Films Production co-produces and buys feature films.

It acquires broadcasting rights for the TF1 channel as well as co-producer shares, through which it is entitled to a part of the revenues generated by the films.

These investments allow TF1 to contribute 3.2% of advertising revenue to co-producing European films (of which 2.5% for works produced in French).

TV BREIZH

As a major Pay-TV channel, TV Breizh offers its subscribers access to so-called gold series and iconic TV heroes for all the family to enjoy.

HISTOIRE

Dealing with all periods in history, with a wide variety of subjects, this channel broadcasts documentaries, magazine programmes, docu-reality programmes and historical films in an attempt to use history to explain current events.

USHUAÏA TV

Thanks to a panel of documentary films and original, varied first-run magazine programmes, this channel offers a fascinating immersion into the heart of relatively unexplored deepest nature as well as a unique view of mankind and the planet.

1.2.1.2 STUDIOS AND ENTERTAINMENT

NEWEN STUDIOS

Created in 2010, Newen is a key player in the production and distribution of audiovisual content in France, with over 1,300 hours produced per year in fiction, TV shows and animation. Newen distributes a catalogue of over 5,000 hours on an international level. Newen's flagship programmes include *Demain nous appartient*, *Plus Belle La Vie*, *Candice Renoir*, *Braquo* and *Versailles* (distributed in over 135 countries).

Newen Studios' ambition is to be a melting pot for original French creative programming and already distributes its productions in over 80 countries. The Group is supported by an industrial framework with studios in the Paris region as well as in the south of France. Internationally, in 2017, Newen acquired Tuvalu Media Group, leading independent producers in the Netherlands, specialising in TV shows, scripted reality, drama and digital.

The Group also has an online presence *via* its subsidiary Neweb.

TF1 STUDIO

Since May 2016, TF1 Studio is the new cinema brand of TF1 Group bringing together the activities of TF1 Droits Audiovisuels, TF1 International and TF1 Vidéo. TF1 Studio's role is to initiate, co-produce or acquire new cinema projects, showcase films and support talent throughout the value chain: cinema/e-cinema releases, video, VOD, TV/SVOD sales in France, international sales, etc.

New ways of broadcasting films are at the heart of the studio's business activity which is the home for MYTF1VOD, the French VOD service and the SVOD service Jeunesse TFOUMax.

With its unique digital DNA, TF1 Studio is today one of the most active promoters of e-Cinema, the new premium channel for first-run films. TF1 Studio is also committed to promoting a catalogue of almost 1,000 films including great masterpieces such as *Rocco and His Brothers*, *That Man from Rio*, *Life is a Long Quiet River*, *The Piano*, or *The Wages of Fear*.

TF1 ENTERTAINMENT

TF1 group's diversification, production and development subsidiary, TF1 Entertainment is a major player in five areas of the entertainment business: music, entertainment, licences, games/toys and collections.

With its highly developed expertise in creating, exploiting and distributing brands for more than 20 years, TF1 Entertainment owns and represents premium assets. TF1 Entertainment adapts continuously to new consumer uses and develops a broad range of entertainment solutions across all categories for a wide audience. TF1 Entertainment aims to back and innovative ambitious projects, create new products and new events, and develop new artists.

TELESHOPPING

Téléshopping is a major home shopping player in France. This subsidiary's activities centre around two brands, Téléshopping and Euroshopping:

- Téléshopping operates teleshopping on TF1 with its programmes broadcast on the channel and its catalogues, website, 7 stores and mass distribution presence, thanks to its partnership with Venteo;
- Euroshopping broadcasts infomercials on a number of unencrypted, cable and satellite channels (RTL9, TFX, TMC, D8, Eurosport, etc.).

1.2.2 SIGNIFICANT HOLDINGS

SERIECLUB

Co-owned 50/50 by TF1 and M6, Serieclub is broadcast *via* cable, satellite and the main independent networks.

Serieclub is increasingly committed to selecting strong series that are or will become benchmarks and a specific feature of the channel is that it offers the majority of its programmes in multilingual versions.

STUDIO71

TF1 group has accelerated its digital developments and entered into the capital of Studio71 (6.1%), 3rd global MCN(1) with over 6 billion videos viewed each month and 1,100 channels (it is the European leader in the number of subscribers per channel).

This association between key players in the European audiovisual landscape enables Studio71 to combine a powerful, quality audience with the development of new relations with the major international platforms.

1.2.3 REAL PROPERTIES

TF1 group mainly operates in the buildings listed below.

Main sites	Location	Surface area	Environmental label	Owned by TF1 group
TF1	1, quai du Point du Jour, 92100 Boulogne-Billancourt	35,167 m^2	N/A	Yes
	6, place Abel Gance, 92100 Boulogne-Billancourt	20,220 m^2	N/A	No

(1) An MCN (Multi Channel Network) is a content aggregator and distributor specialising in the management, promotion and monetisation of video content and digital talent on major platforms such as YouTube.

1.3 RESEARCH AND DEVELOPMENT

AFR

Research and Development (R&D) activities at TF1 derive mainly from activities involving experimental development and making “pilots”. These expenses are generally incurred with a view to marketing a new product or service or broadcasting a new programme.

TF1 also develops, in parallel, software and systems with a view to gaining efficiency and contemplating specialised infrastructure so that it can innovate for new markets.

In 2017, R&D expenses for TF1 group amounted to €4.4 million.

For TF1 group, these new products, services and programmes can be identified as follows.

R&D EXPENSES LINKED TO PROGRAMMES

TF1 group’s activity comprises a high share of creation and innovation in entertainment and drama programmes and film production, the outcome of which can be uncertain. This activity of innovating and creating new programming concepts involves the following stages:

- purchase of a format, a programme concept, a literary convention;
- completion of a sociological study of these new programmes with viewers;
- provision of a consultancy service;
- location scouting, casting, set design and episode production.

The R&D expenses linked to programmes therefore include:

- the various costs of these new drama, variety and entertainment formats, which have never been broadcast in this form on the channel, whether or not they can be broadcast, and how they impact the expenses for the period (cancelled or broadcast);
- the cost of literary conventions related to new concepts (not previously broadcast on the channel) cancelled during the period.

Newen Studios’ activity also includes a very sizeable share of creation and innovation in non-scripted programmes, dramas and documentaries, whose results can be uncertain. This activity of innovating and creating new programming concepts involves the following stages:

- introduction of different creative teams to develop original non-scripted programmes;
- castings to find experts, journalists, hosts and actors, and thus help development;
- development of trailers, story boards and pilots to present the creations and sell them in France and abroad, in particular, trailers or pilots that have been co-developed within the Newen Network (Canada, Spain, Germany); development of 3D set models to help visualise the studios or construction of basic sets for pilot shows;
- regular travel throughout Europe to present the company’s creations and know-how to foreign broadcasters, but also to forge co-developments and partnerships;
- purchase of broadcast or paper formats, and of literary conventions, such as the rights to book adaptations for example;
- sociological studies on the values and expectations of the French, breakout groups to discover the latest trends and inspire producers, qualitative and quantitative studies on Newen’s brands to enhance optimisation.

R&D EXPENSES RELATED TO TECHNOLOGICAL INNOVATION PLANS

As audiovisual content consumption modes and, more generally uses in terms of medias, change constantly, TF1 Group adapts its offer by building on innovative technologies that require Research and Development expenditure.

2017 saw the launch of several virtual reality (VR) projects for TF1:

- In January 2017, TF1 launched the virtual reality application, “MYTF1 VR” on iOS, Android and Samsung Gear VR headsets.

  This launch was supported by an interactive VR system on the *The Voice* programme, in which viewers were able to live the VR experience of a coach in his chair and choose whether or not to buzz depending on the candidates. This was the most viewed VR system in France with nearly 200K downloads generated;
- In May 2017, the Group financed and produced an original drama specifically written and produced for virtual reality – *Sergent James*. The drama was created in partnership with MK2 VR;
- In June 2017, Ushuaïa launched “Ushuaïa VR” and enriched MYTF1 VR with subjects in 360° for the *Bougez Vert* and *Le Monde Animal* programmes. The following month, *Histoire VR* published an immersion visit of Strasbourg Cathedral.

In all, over 200 360° videos and VRs have been broadcast for entertainment, sport and news (including visits to the pyramids in Egypt, Lascaux caves, and coverage of the CES). Over 450,000 videos have been viewed by over 220,000 users.

In February 2017, TF1 officially launched the second season of its business incubator project, comprising 7 new start-ups, supported by NUMA. The programme’s main aim is to generate tests, prototypes and sales partnerships between the Group and the incubated start-ups. Projects include:

- enhanced reality filters were developed with the start-up JYC on the new "Facebook AR Studio" development platform for the launch of the *Danse avec les Stars* programme;
- Hivency (micro-influence platform) and WhatTheShop (drive to store system) start-ups signed business provider contracts as part of partnerships with TF1 Publicité;
- Wakatoon (colouring sheets that animate as cartoons on your smartphone or tablet) signed a partnership with TF1 Licences;
- lastly, the start-up Swiper was able to test its enriched push tool on the Android applications of TF1 Conso and LCI.

TF1 group continued its collaboration with start-ups from the first season of its incubator programme through:

- the organisation of eSport competitions on new games (Overwatch, Rocket League, Clash Royale) in partnership with the start-up Glory4Gamers (on-line eSport tournament organisation platform);
- use of the Nunki tool (geo-localised social listening solution) within news teams;
- creation of beauty and lifestyle content by the start-up Lucette (cosmetic product opinion platform) for LCI.fr and generation of opinions on the cosmetic products on Téléshopping by Lucette's tester community.

In June 2017, TF1 group announced a minority stake in Lucette through its "TF1 One Innovation" fund for start-ups.

In April 2017, during the French legislative elections, TF1 implemented an innovative system to automatically generate results presentation videos for each location as soon as they were published by the Home Office. A total of 165,000 videos were made available to internet users in real time, informing them with quality content, perfectly suited to digital broadcasting.

With the aim of facilitating the recovery of data by advertisers during campaign launches on the Group's digital screens, the TF1 Publicité team launched the Spot 4 Data offer at the beginning of June: digital advertising becomes interactive, enabling the Internet user to subscribe to a newsletter or create an account on the advertiser's website with a single click, and thus enrich the advertiser's database.

At the end of June 2017, the second edition of the Viva Technology trade show took place in Paris Porte de Versailles, with TF1 as the media partner for the second consecutive year. The Group had an area of 450m² in which it received 31 start-ups. Three virtual reality experiences (*Koh Lanta*, The Voice and the Ushuaïa TV magazine *Bougez Vert*) were presented as well as a "house of the future" area, showcasing a vision of how technology and medias can be integrated into the home: UltraHD TV, connected coffee table and refrigerator, connected mirror giving voice-requested information, prototype of voice control of MYTF1 *via* Amazon Alexa.

In September, following the development of a geo-localised advertising targeting function by the operators on IPTV, TF1 group became the first French audiovisual Group to implement an advertising offer allowing advertisers to optimise their advertising targeting on IPTV based on precise geographical areas (cities, districts, catchment areas). This new offer appeared alongside the implementation of area-specific DTT advertising in Belgium, allowing advertisers to specifically target this audience.

With regard to data, TF1 continued to implement its DMP (Data Management Platform) in 2017, allowing it to aggregate and use navigation and registration data from the Group's digital supports, in order, in particular, to work on the subject of "segmented TV" and offer more and more targeting modalities for advertisers. In parallel, the roll-out of the Datalake was also continued, in order to store and cross-reference different data sources such as video benchmarks, VOD, user accounts and adserver data (in compliance with the regulations on personal data) allowing it to go even further in content recommendations and customer segmentation. Lastly, TF1 teams implemented experience customisation tools on the LCI site and newsletter in partnership with the startups AntVoice and OwnPage.

DEVELOPMENT OF INTERNAL SOFTWARE AND SYSTEMS

In order to stimulate the creation of Cloud-based solutions, the Group installed a permanent Direct Connect link with the main AWS (Amazon Web Services) region in Europe.

TF1 conducted pre-studies and tests during 2017 to enable the "Enterprise-grade Media Asset Management" solution to evolve "towards cloud technologies and uses". The aim is to optimise infrastructure costs by anticipating the obsolescence of our existing infrastructures.

Thus, in the long term, all media stock broadcast will be hosted in the public cloud. To accelerate broadcasting, TF1 is qualifying a video recording solution in the cloud, with simultaneous availability to users.

In addition, the Media Management tool now enables part of the editing work to be virtualised.

The Group has transformed operations of a mono-channel master control into a multi-channel master control, based on exception-based monitoring technologies and automated supervision.

With regard to the modernisation of the tools required to manage news in the TF1 group (TF1 LCI Digital), the pre-study to renew the architecture of the "News Factory" will be based on a Cloud solution. This Solution started to be rolled out at the end of 2017.

TF1 uses video connection techniques based on public internet (in 4G) to secure the traditional means.

In 2017, the Group carried out the first experiments in France of HD programme broadcasting, based on the new full IP technologies (SMPTE-2022, SMPTE-2110) thanks to which the next generation of Audio/Video infrastructure could be 100% based on IT technologies.

1.4 GROUP HISTORY

2017

Commercialisation agreement for TF1 advertising space in Belgium

TF1 signs a distribution agreement with Altice-SFR

Firm offer to purchase the aufeminin group

Newen takes a majority shareholding in Tuvalu

2016

TF1 acquires a 70% equity interest in the Newen Studios group

Gilles Pélisson is appointed Chairman and CEO of TF1 group.

TF1 became the 100% owner of the capital of TMC.

2015

TF1 sells its stake in Eurosport to the Discovery Communication group

The CSA approves free broadcasting for the LCI channel

2014

TF1 becomes a 49% shareholder in Eurosport and sells the controlling majority to the Discovery Communication group

2012

The TF1 group launches HD1, the Group's fourth unscrambled channel

2011

TF1 groups its digital offer around the unifying brand MYTF1, available on all screens

2010

Groupe AB and TF1 finalise the transaction aimed at TF1's acquisition of the 100% stake in the NT1 channel and 40% stake in the TMC channel held by Groupe AB

2008

TF1 is now available in HD on DTT

2007

TF1 and the Groupe AB finalise TF1's acquisition of a 33.5% minority share in Groupe AB.

2005

TF1 and Groupe AB finalise the takeover of TMC from the Pathé group. TF1 and Groupe AB each hold 40% of the channel, with the Principality of Monaco holding the remaining 20%

Digital Terrestrial Television (DTT) arrives in France.

2004

TF1 increases its stake in TV Breizh to 71.1%

The TF1 group finalises the acquisition of 100% of the capital of Histoire

2001

TF1 acquires 50% of Serieclub and raises its stake in Eurosport to 100% by buying the shares of Canal+ and Havas.

1996

Creation and launch of TPS, Télévision Par Satellite, in partnership with France Télévisions, France Télécom, CLT, M6, and Lyonnaise des Eaux

1995

The TF1.fr website is launched - to instant success

1994

The Bouygues group increases its stake in TF1 from 25% to 34%

The news channel LCI is launched on cable on 24 June

1991

Eurosport, the first pan-European sports channel, joins the TF1 group

1987

The Bouygues group becomes the operator of the TF1 channel, which is privatised and floated on the market on 24 July. Francis Bouygues becomes the Chairman and Chief Executive Officer of TF1.

1.5 RISK FACTORS

AFR

In a constantly changing competitive, technological and regulatory environment, the TF1 group is exposed to risks that could, if they materialise, have negative effects on its business, financial position and assets.

1.5.1 OPERATIONAL RISKS

RISK OF LOSS OF KEY PROGRAMMES

DESCRIPTION OF THE RISK

The performance of TF1 depends partly on its ability to offer premium programmes in order to maintain its leadership in audience ratings. Consequently, the loss of key programmes represents a risk in terms of reduced audiences, and of reduced capacity to monetise those audiences.

HOW THE RISK IS MANAGED

Thanks to the talent of its artistic staff and its long-standing special relationships with French and foreign partner producers, TF1 currently offers the best programmes. Future programming streams are locked in *via* multi-year contracts with the biggest producers, reducing the risk of loss of key programmes in the medium and/or long term.

RISK THAT PROGRAMMES WILL BECOME UNSUITABLE FOR BROADCAST

DESCRIPTION OF THE RISK

To secure future supplies of key programmes, TF1 commits to certain programmes (especially series and feature films) at a very early stage relative to the date of transmission. The time-lag can be substantial, and visibility on new products is often low.

Because TF1 channels are constantly adapting their editorial line in response to changes in public taste, an artistic mismatch may sometimes arise between current editorial needs (aimed at maximising audiences) and past programme acquisitions. If such mismatches occur, they may lead to spikes in impairment losses taken against broadcasting rights inventory.

HOW THE RISK IS MANAGED

TF1's exposure to this risk is limited to multi-year contracts with the biggest producers. If such a risk were to materialise, there are two ways of mitigating the impact:

- the pooling of rights across the TF1 group's channels offers alternative solutions for using rights to a programme that becomes unsuitable for broadcast on TF1;
- as a last resort, some or all of the risk may be mitigated by selling the rights on to another market player.

RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT

DESCRIPTION OF THE RISK

In light of actual economic conditions during 2017 and the prospects for 2018, there is a risk of stagnation in the advertising market, which could have an adverse effect on projected trends in TF1 group revenues.

HOW THE RISK IS MANAGED

To protect against the effects of this stagnation, the TF1 group keeps all of its expenditure under constant review, and continually adapts its business model by identifying and tapping new sources of growth (see section 2.2.2 of this registration document and Annual Financial Report).

1.5.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

BROADCASTING OF TF1 PROGRAMMES – RISK OF SIGNAL TRANSMISSION INTERRUPTION AND EXECUTION RISK

DESCRIPTION OF THE RISK

TF1's programmes are currently broadcast to French homes by:

- radio waves in freeview high definition DTT (on the R6 multiplex) *via* the 124 main transmission sites and 1,502 secondary transmission sites operated by TDF, TowerCast, Onecast and Itas Tim;
- satellite in freeview high definition digital on the Astra 1 position from SES in the TNT SAT bundle and on Eutelsat's EW5A in the Fransat bundle;
- cable in standard and high definition digital, *via* Numericable and local cable operators;
- ADSL and fibre optics in standard and high definition digital *via* all the Internet service providers (Orange, Free, SFR and Bouygues Telecom).

TDF is by far the leading national TV signal transmission operator in DTT, with a network and technical resources currently unmatched by any other company, in particular as regards hosting on existing masts.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot at present do without TDF's hosting facilities. As a consequence, in the event of an outage of the TDF network, TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its entire broadcast area. Also, the antenna system (antennae, wave guides and frequency multiplexers) is not immune from incidents, and power supply may not be under TDF's control (for example, it may be the responsibility of EDF).

The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.

As regards operator bundles, TF1 is dependent on the technical resources and supervision/maintenance processes put in place by the operators.

HOW THE RISK IS MANAGED

The variety of alternative networks to DTT (satellite, cable, ADSL and fibre) and of alternative operators will gradually minimise the impact of any failures of the DTT network, since those networks are not connected to each other and rely on their own separate resources. DTT transmission is secure not only at the level of the primary signal (satellite network and back-up terrestrial network), but also at the level of higher-coverage transmission sites thanks to transmitter and power security measures.

To protect against risks arising from operator networks, the contractual terms of the distribution agreements stipulate a guaranteed high level of service.

CYBER-ATTACKS

DESCRIPTION OF THE RISK

The cyber-attacks that affected Sony Pictures and TV5 Monde in recent years led TF1 to reassess external threats that might disrupt transmission, and its operations in general. TF1 is aware that attempts to hack into corporate information systems are now a recurring problem; it has responded by further raising its vigilance threshold and is constantly working to ensure the security of its sites, operations and infrastructures.

HOW THE RISK IS MANAGED

To guard against the risk of cyber-attack, security audits are conducted by external consultants to identify any weaknesses in access controls. However, no system can be 100% secure, and the techniques used to attack information systems are continually changing. Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside incident management procedures such as a rapid response plan for hacking attacks. The objective is to constantly upgrade the TF1 group's sites and information systems, taking care to ensure that all external systems are included in any corrective measures that may be required.

TF1 was unaffected by the recent global virus attacks (WannaCry and Petya). However, those attacks underlined the imperative need for companies to have a high-powered data back-up policy, combined with rapid-response patching capacity to apply security fixes quickly and effective firewall protection of datacentres. An analysis showed that while TF1 is fully confident in the effectiveness of its backup policy, there is a need to ensure firstly that security fixes are applied faster and more effectively across all IT assets, and secondly that firewalls are used systematically to protect IT and broadcasting datacentres. Two projects have been launched in response: one to investigate the potential installation of a new reliable and fully-automated distributed software solution, and the other to protect all the datacentres with firewalls.

RISK OF INTRUSION DURING LIVE PUBLIC BROADCASTS

DESCRIPTION OF THE RISK

In the current security and social climate, TF1 has reassessed its exposure to the risk of intrusion affecting major entertainment shows broadcast live and in front of a public audience.

HOW THE RISK IS MANAGED

Reinforced security measures have been introduced to protect members of the public. Those measures are the responsibility of TF1 for in-house productions, and of the third-party production company for outsourced programmes. In order to retain absolute control over the output on its channels, TF1 has also introduced a slight delay of a few minutes when broadcasting major live entertainment shows in front of a public audience.

RISKS RELATED TO THE GROWTH OF DIGITAL TERRESTRIAL TELEVISION AND TO THE DEVELOPMENT OF THE INTERNET AND NEW MEDIA(1)

DESCRIPTION OF THE RISKS

The TF1 group operates in a constantly changing competitive environment, but the pace of change has accelerated since 2005:

- the development of DTT, including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of the incumbent channels;
- there have been gradual changes in how entertainment is consumed, due to the emergence of factors such as: the expansion of the unencrypted channel offering in the basic packages of internet service providers; the spread of the Internet more generally; and the increased consumption of non-linear TV, partly as a result of the expansion of web-TV and the legal or illegal uploading of content to the Internet. These new developments could divert part of existing media and off-media advertising budgets, and also capture some of the viewing time currently spent on Pay-TV activities such as movies and series;

(1) Médiamétrie.

- the development of connected TV and of video content on mobiles and tablets offers yet more new access points fuelling the distribution of non-linear content, which is also being driven by the offerings of powerful players such as Amazon, Apple, Google and Netflix.

In addition to audience fragmentation, the proliferation of channels could generate inflationary pressure in the rights market, particularly for high-profile, attractive content such as drama series.

The effect of those developments could be accentuated, especially at a time of economic crisis, if the major incumbent channels were to be faced with more aggressive commercial policies. TF1 is responding to this situation with a programming policy focused on maintaining the gap over its rivals, in terms of both audiences and commercial performance.

With this growth in unencrypted television offerings, TF1's audience share has inevitably been affected, but has nonetheless proved resilient: while unencrypted offerings have increased fourfold since 2004, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 20% in 2017. TF1 achieved 84 of the top 100 audience ratings in 2017 while the TF1 group as a whole, including the DTT channels, had an audience share of 27.5% among individuals aged 4 and over.

HOW THE RISKS ARE MANAGED

TF1's ongoing exposure to fragmentation risk is being mitigated by taking the DTT channels up-market and increasing their complementarity, and also by the unencrypted switchover of LCI in 2016, both of which are enabling TF1 to tap into the new audience share for DTT while limiting the impact on its premium channel.

In this context, the Group has consolidated the market leadership of the TF1 core channel by:

- building a coherent global offer through its unencrypted channels, thanks to high-powered programming;
- positioning itself as a major player in DTT through its portfolio of four complementary channels (TMC, TFX, TF1 Séries Films and LCI);
- optimising the acquisition of programmes for its premium channel and DTT channels by adopting a transverse organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to the TF1 group's undertakings) on the other;
- tightening its control over the value chain by using the in-house production subsidiary TF1 Production for part of its programme output;
- adapting its commercial policy to the new competitive landscape, especially through heavy marketing of slots in programmes with big audience-pulling potential;
- establishing MYTF1 as one of the leading French media websites.

TF1 is building a position in the connected TV market at reasonable cost, and signing partnership agreements with manufacturers. The Group is also following its audiences onto social media (including Twitter and Facebook) by offering viewer interactivity on flagship programmes carried on the premium channel (*Danse avec les Stars, Secret Story, The Voice, Miss France).*

Finally, the process of adapting audience ratings measures to the new media landscape continued in 2016 with the inclusion in the statistics of viewers watching live and catch-up content on computers, tablets and smartphones. This process began in 2011 when home recordings were added for the first time, and continued in 2014 with the inclusion of catch-up viewers on IPTV. These new audience metrics will help mitigate fragmentation risk by capturing a segment of media consumption that is on an uptrend.

RISKS ASSOCIATED WITH CHANGES TO SPECTRUM ALLOCATION AND THE DTT SWITCHOVER TO MPEG-4

DESCRIPTION OF THE RISK

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations.

The arrival of first and second dividend 4G (the "700 band" and "800 band") risks generating interference for television viewers in some parts of France, since the spectrum relinquished to the mobile phone operators is adjacent to the DTT spectrum. The mobile phone operators are responsible for taking all the necessary measures to prevent interference to TV reception, in particular by installing filters. Those measures are monitored by ANFR (the French national frequencies agency).

Under law no. 2015-1267 of 14 October 2015 on the second digital dividend and the ongoing modernisation of Digital Terrestrial Television, part of the frequency spectrum (694 MHz-790 MHz, known as the "700 band"), currently allocated to television broadcasting, will be reallocated to telecommunications. The reallocation will be phased in gradually across 14 geographical regions. It began in April 2016 with the Ile-de-France region; the roll-out has been successful, and will continue until the final region is completed in June 2019. The frequency changes will require viewers in each region to retune their devices to find and fix a signal. Although this change is starting to come to public attention following a nationwide information campaign on 5 April 2016 targeted at all DTT viewers, it may adversely affect reception of the TF1 channel. The ANFR is to conduct local information campaigns in each region, which should minimise the risk.

HOW THE RISK IS MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA (the French broadcasting regulator) as these developments progress. More generally, TF1 is maintaining close contact with regulators and legislators to try to limit the impact of these changes.

GENERAL POLICY ON MANAGING INDUSTRIAL AND ENVIRONMENTAL RISKS

The "Réagir" Committee, created in 2003, continues to work on monitoring and preventing major risks, especially those associated with TF1's key processes. It also updates TF1's risk mapping, and regularly tests business continuity plans that may be triggered when an exceptional event results in interrupted signal transmission or denial of access to the TF1 building.

Those plans rely on a secure external backup site (in place since 2007), which is operational for three processes: programme transmission, the production of news and weather bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, e-TF1 and IT are protected to varying degrees by security systems. Procedures are tested periodically so that the system can be adjusted if necessary. Broadcasting and transmission continuity is ensured 24/7, and an operations simulation is performed regularly.

There were no broadcasting incidents in 2017 that required fall-back on an external backup site.

Operational since 2011, *Réagir 1 Vigilance* is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (building works, equipment maintenance, mass events, live broadcasts, service launches, software upgrades, IT continuity plan tests, etc.). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate. In 2016, 66 *Réagir 1 Vigilance* e-mails were sent to the relevant departments.

As in the case of operational risks, TF1 has insurance policies (including public liability and property) that could be called upon to cover some of the risks mentioned above.

1.5.3 LEGAL RISKS

RISKS RELATED TO BROADCASTING LICENCES AND CSA ENFORCEMENT POWERS

DESCRIPTION OF THE RISK

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997. The licence was renewed for a further five-year period (*via* decision no. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period by a CSA decision of 20 November 2001. Under Article 82 of the law of 30 September 1986 as amended, that licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulation.

The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population.

The CSA awarded TF1 a ten-year HD broadcasting licence on 6 May 2008, and withdrew TF1's standard definition (SD) licence as part of the 5 April 2016 switch-off.

On 19 October 2016, the CSA agreed to a streamlined renewal of TF1's DTT licence for a five-year period starting on 6 May 2018 (*i.e.* until 5 May 2023).

In a decision dated 27 July 2017, the CSA extended TF1's licence for a further five years.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme, or one or more advertising slots; and reducing the term of the licence to use frequencies by up to one year.

HOW THE RISK IS MANAGED

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance Department tasked with ensuring that programmes comply with regulatory requirements.

RISKS RELATED TO SOCIETAL PRESSURE ON ADVERTISING AND PROGRAMMES

DESCRIPTION OF THE RISK

Political attitudes to societal issues such as violence or public health might induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that such issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

HOW THE RISK IS MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum. As regards advertising, a team from TF1 Publicité views each advert once it has been cleared by the ARPP (the French advertising regulator), and TF1 Publicité ensures that adverts comply with the regulations and with editorial policy.

RISKS RELATED TO ADDITIONAL TAXES OR LEGISLATIVE CHANGES

DESCRIPTION OF THE RISK

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on France Télévisions public-service channels between 6 a.m. and 8 p.m., even though the legislator had in 2011 adopted the principle that all advertising would be discontinued on France Télévisions on 1 January 2016. In return, the levy paid by other French television channels to fund the loss of revenue for France Télévisions was reduced to 0.5% of those channels' advertising revenue.

This example illustrates the economic risk to which television channels are exposed as a result of new taxes and levies, such as the levy on advertising spending.

In addition, given the funding problems at France Télévisions, a resumption of advertising on public-service channels after 8 p.m. cannot be ruled out.

HOW THE RISK IS MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the probability and impact of this risk.

RISKS RELATED TO PRIVATE COPYING VIA NETWORK PERSONAL VIDEO RECORDER (NPVR) ON THE CLOUD

DESCRIPTION OF THE RISK

French law no. 2016-9257 of 7 July 2016 on creative freedom, architecture and national heritage extended the regime covering the private copying of television programmes to remote recording services, in particular recordings stored on the cloud using network personal video recorders (NPVR). Many distributors of television services such as telecoms operators and aggregators of over-the-top (OTT) services will offer users this new service. Such services will be in competition with the catch-up and video-on-demand (VOD) services offered by established channels, as well as with linear television broadcasting.

Unlike with conventional personal video recording onto a set top box supplied by the operator, it will be possible to activate and view these services using any device (including smartphones, PCs, TV sets and tablets), both in and outside the home, with potentially unlimited storage capacity.

Finally, such services could incorporate very extensive functionalities such as recurring recordings, and could become a new way to pirate audiovisual content given the inherent risks of the digital space and cloud computing.

In a judgment issued on 29 November 2017 in the VCAST case, the European Court of Justice ruled on whether a remote TV recording service constituted private copying. The judgment appears to indicate that such a service would not be governed by the private copying exception and hence would require permission from all the rights-holders. However, the judgment is very open to interpretation.

HOW THE RISK IS MANAGED

The new law requires an upfront bilateral agreement to be signed between the broadcaster and the distributor that supplies the remote private copying service.

The general terms and conditions applied by TF1 Distribution include very strict terms to protect the content of rights holders, which distributors are required to sign up to. Those terms:

1. limit the storage capacity for programmes broadcast on TF1 group channels;
2. impose very strict IT security conditions; and
3. preserve the right to manage advertising of the content.

The first such agreement with an OTT operator was signed in November 2016.

Following the VCAST judgment, TF1 Distribution will issue a notice to operators who have introduced remote private copying services for recording content from TF1 channels disclaiming all liability to rights-holders in respect of its programmes.

RISKS RELATED TO THE PROPOSED FEE FOR THE SIGNAL AND SERVICES ASSOCIATED WITH TF1 PROGRAMMING (TF1 PREMIUM)

DESCRIPTION OF THE RISK

Ahead of the renewal of distribution contracts for the TF1, TMC, TFX, TF1 Séries Films and LCI channels and the MYTF1 service with the main ISPs and Canal Plus, TF1 is seeking an overall fee for the services provided. Several distributors are opposed in principle to paying a fee for signals from the unencrypted channels TF1, TMC, TFX, TF1 Séries Films and LCI.

HOW THE RISK IS MANAGED

TF1 reached an agreement with the Altice-SFR group on 6 November 2017 on the TF1 Premium offer and add-on services.

The terms of the TF1 Premium offer include:

- the five unencrypted channels: TF1, TMC, TFX, TF1 Séries Films and LCI;
- new tie-in services (start over, cast, second screen); and
- TF1 bearing transmission costs for the unencrypted channels.

The add-on services include all matches from the 2018 football World Cup in Russia screened on TF1 group channels in 4K quality, and the creation of a new “TF1+1” channel showing TF1 programmes with a one-hour time-lag (for which SFR will have exclusive distribution rights for a six-month period).

In light of this agreement, the parties withdrew their respective legal actions relating to the new TF1 Premium offer, and SFR subscribers are once again able to access MYTF1 after a break of several months.

Discussions with the other distributors are ongoing.

RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS (COPYRIGHT AND RELATED RIGHTS)

DESCRIPTION OF THE RISK

In recent years TF1 has been the victim on a massive scale of piracy of content to which it owns the copyright and/or related rights. In 2008, TF1 took legal action to put a stop to the piracy and to claim damages from a number of video-sharing sites such as Dailymotion and YouTube.

HOW THE RISK IS MANAGED

To prevent the risk of piracy of its programmes, TF1 has renewed its commitment to rolling out a wide-ranging strategy, involving:

- creating digital fingerprints for its programmes (using Content ID with YouTube, Rights Manager with Facebook and INA Signature with Dailymotion), which will – within the limits of the technology – prevent pirated content from being uploaded to those three platforms;
- a dedicated unit tasked with identifying (as far as possible) pirated TF1 group content on streaming platforms and social networking sites, and ensuring that it is dereferenced;
- retaining an external service-provider to dereference pirated TF1 content on cyberlockers (direct download and streaming sites).

GENERAL POLICY ON MANAGING LEGAL RISKS

In terms of legal risks, TF1 has a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.

That insurance policy is arranged by the TF1 group Legal Affairs Division with leading insurance companies.

The deductibles under the policy were determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which TF1 is exposed.

LITIGATION AND CLAIMS

BROADCASTING OF THE LCI CHANNEL

On 17 June 2015, the Conseil d'État overturned the CSA decision rejecting the application for LCI to switch to freeview. In the autumn of 2015, the CSA re-examined the freeview switchover request in light of then current economic conditions. In a decision of 17 December 2015, the CSA approved the request for LCI to switch to DTT freeview. The NextRadioTV group filed summary proceedings and a substantive appeal with the Conseil d'État in a bid to have that decision overturned. In an order dated 9 February 2016, the President of the Conseil d'État stated that there were no grounds for summary proceedings, while the supreme administrative court rejected the substantive appeal on 13 July 2016.

In the meantime, on 17 February 2016 the CSA and LCI had agreed a rider to the terms of reference which reiterated a number of undertakings made by LCI while the freeview switchover request was being examined. At the same time, the TF1 terms of reference were amended to incorporate the undertakings incumbent on TF1, in particular not to carry cross-promotion of LCI on the TF1 core channel. In a decision of 21 September 2016, the CSA issued formal notice to TF1 to comply with the cross-promotion clause.

RISKS RELATED TO COMPETITION LAW

ALLEGED ABUSE OF DOMINANT POSITION IN THE ADVERTISING MARKET

Canal Plus, M6 and NextRadioTV each filed a complaint with the French Competition Authority against TF1 alleging abuse of dominant position in the French television advertising market; TF1 Publicité presented its counter-arguments. TF1 submitted an economic study to the French Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrated the pro-competitive impact of TF1's position in the advertising market. The French Competition Authority has formally closed the NextRadioTV and Canal Plus investigations and rejected their complaints. Investigation of the M6 complaint is ongoing.

ALLEGED RESTRAINT OF TRADE

The Canal Plus group filed a complaint with the French Competition Authority against TF1 alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances; TF1 Publicité presented its counter-arguments. To date, no notice of grievance has been issued to TF1 by the Competition Authority.

BREACH OF PATENTS

Orange brought an action against Free in the Paris District Court alleging breach of European patents. It is alleged that Free fraudulently used two patents held by Orange, one of which – filed on 25 May 2004 – is said to prevent videos preselected by an internet user from being downloaded until the user is committed to watching the content, thereby saving bandwidth. This process is allegedly used by Free for the catch-up television services offered to its subscribers. Orange claimed damages of €138 million from Free.

Free brought into the action the companies that broadcast the catch-up services of the principal French television channels, reflecting Free's view that *"the conditions under which catch-up television platforms operate are determined and implemented by the television channels"* and not by Free in its capacity as an internet service provider. Consequently, two TF1 group companies involved in the TF1 catch-up service were brought into the action: e-TF1 (which broadcasts the service) and TF1 Distribution (which contracted with Free to provide the service). France Télévisions, M6, Canal Plus, D8/D17, Equidia and GameOne were also brought into the action.

Free is at present merely requesting that the future judgment on Orange's claim be "extended jointly" to those companies, but reserves the right to seek indemnification from them. In their defence, Free and the broadcasting companies are challenging the validity of the patent claimed by Orange. No claim has been made by Free against the broadcasting companies. Orange has maintained its claim against Free, but without making any claims against the broadcasting companies. In any event, e-TF1 and TF1 Distribution would be able – if they were ultimately held liable – to rely on a limitation of liability clause in their contract with Free.

1.5.4 CORPORATE SOCIAL RESPONSIBILITY RISKS (LABOUR, SOCIAL AND ENVIRONMENTAL)

Labour and societal risks are discussed in section 7 of this registration document.

Environmental risks are discussed in section1.5.2 above and section 7 of this registration document.

1.5.5 CREDIT AND/OR COUNTERPARTY RISKS

Credit and/or counterparty risks are discussed in section 4 of this registration document, in Note 8 to the consolidated financial statements.

1.5.6 FINANCIAL RISKS

Financial risks (i.e. liquidity risk and market risk) are discussed in section 4 of this registration document, in Note 8 to the consolidated financial statements.

1.6 INTERNAL CONTROL PROCEDURES

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1.6.1 INTRODUCTION

This report describes the internal control procedures in place within the TF1 group. It covers TF1 SA (the parent company) and subsidiaries over which it exercises exclusive or majority control.

1.6.2 INTERNAL CONTROL ENVIRONMENT AND GENERAL PRINCIPLES

1.6.2.1 ORGANISATION AND OPERATING PROCEDURES

BACKGROUND

This report is based on information and analyses compiled in collaboration with the various players involved in internal control within TF1 and its subsidiaries, and gives a factual description of the control environment and the procedures in place.

The Internal Control Department co-ordinated the preparation of this report, which was validated by the Group Finance and Purchasing Division (DGAFA) and the Legal Affairs Division (DAJ) before being submitted to the Statutory Auditors and then presented to the Audit Committee and Board of Directors for approval.

Since 2007, TF1 has analysed its internal control system and presented its internal control report in full compliance with the internal control framework published on 22 January 2007 and derived from work carried out by the task force set up by the Autorité des Marchés Financiers (AMF), the French financial markets authority. The AMF reference framework was amended in 2010 to incorporate legislative and regulatory changes in the area of risk management, and the AMF recommendation on Audit Committees.

An internal control system should also contribute to control over operations, effectiveness of transactions, and efficient use of the company's resources. However, it cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

TF1 continually and proactively adapts its internal control system to reflect the nature of its operations, its evolving business model and its strategic goals.

The general internal control environment is underpinned by the Group's corporate governance principles, but also by its organisational structure and operating procedures and by dissemination of its values and rules.

The organisation, composition and operating procedures of the Board of Directors and of the specialist committees that assist the Board (the Audit Committee, the Remuneration Committee and, since 2014, the Ethics and CSR Committee), as described in the section of the report on corporate governance, comply with corporate governance rules and are conducive to effective internal control.

The Board, under the authority of its Chairman, determines the company's policies and, with the support of the Audit Committee, ensures that appropriate internal control systems are in place within the Group. Key commitments are subject to clear validation processes, with decisions being taken by Executive Management based on proposals from *ad hoc* committees. The Board of Directors is kept regularly informed of such decisions. Gilles Pélisson, as Chairman and CEO of TF1, has operational and functional responsibility for implementing the strategy approved by the Board of Directors for the Group's operations. In particular, he is responsible for organising the deployment of internal control. He is supported by the Executive Committee (COMEX), which comprises the senior executives of TF1 group and meets weekly, and by the General Management Committee (CODG), which includes the heads of each business line and support function and meets monthly. These committees enable him to communicate the key internal control policies, and to make executives aware of their responsibility for setting up and monitoring internal control systems in their area.

Powers are delegated to meet the twin objectives of making operational staff accountable and controlling commitments at the appropriate level. On the latter point, the company's organisational structure builds in segregation of duties: operational functions are kept separate from accounting functions so as to allow for independent control.

Every year, the Strategy Division works with the COMEX members to prepare a three-year plan setting out the broad lines of the Group's medium-term strategy. The first year of the plan corresponds to the budget for the forthcoming year, and lays down the framework for commitments made by managers of Group entities.

The three-year plan is a key element of the internal control environment, and includes the future direction of the business model as one of its objectives. As well as setting revenue and cost targets the plan also specifies the resources, structures and organisational methods needed to meet those targets.

A summary of the TF1 group three-year plan is presented to the Chairman and CEO and then to the Board of Directors, which approves the budget.

THE INTERNAL CONTROL SYSTEM AND ITS OBJECTIVES

In addition to the three-year plan, the TF1 group is constantly looking to improve its internal control system, maintaining close alignment with its objectives. Since 2007, TF1 has followed an approach applied by the Bouygues group for its main business lines (which include TF1), designed to develop an internal control system based on the AMF reference framework. This process identified a number of simple, measurable principles covering the company's key businesses.

The system is organised around two main components:

- accounting and financial internal control principles relating to the co-ordination, organisation and preparation of accounting and financial information; and
- general internal control principles encompassing all of the company's key processes.

The approach also builds in regular, structured meetings between internal control representatives from each of the Bouygues group's business lines, to organise monitoring of internal control and manage adaptations to deal with regulatory requirements. This shared system is regularly supplemented by internal control principles specific to TF1's operations, and to changes in its business model, strategic goals and environment.

Within the TF1 group, the internal control system is assessed through annual campaigns across a scope that is representative of the challenges and risks inherent in its various activities. A rolling three-year assessment programme is applied: a partial scope is covered each year, but virtually the entire framework is addressed over the three-year cycle.

A self-assessment methodology is used. Within each entity, the person responsible for the process being analysed prepares and justifies his or her assessment of the application of internal control principles. This is then submitted for validation by a person with a critical perspective (line manager and/or business unit manager). Since 2014, most self-assessments have been in the form of interviews between the person responsible for the process and the head of internal control. This approach helps transmit knowledge about the internal control framework. However, the person responsible for the process still determines the overall rating.

The assessment process has several components: a numerical rating on a scale from one to four, a description of operating procedures, and comments on any discrepancies between operating procedures and best practice. The assessment is supplemented by proposed action plans, to ensure that the annual assessment campaigns result in tangible improvements in the management and security of processes.

The consolidated results of these campaigns are distilled into an aggregate summary by topic, function and operating entity. This serves to alert Executive Management to any inadequacy detected in processes, and to guide and prioritise action plans. The results are also presented regularly to the TF1 Audit Committee, which in turn informs the Board of Directors.

New businesses are incorporated into the assessment campaigns in a manner that reflects the gradual introduction within those entities of the processes, tools and methods used by the TF1 group to co-ordinate, oversee and control operations.

The 2017 assessment campaign focused on issues related to compliance programmes (anti-corruption, competitive practices, ethical conduct) and on all principles contributing to the control of processes in human resources, purchasing, information systems, and the protection of personal and strategic data.

All revenue-generating entities within the TF1 group, including Newen, fall within the scope of self-assessment.

Audit assignments are also carried out to check the accuracy of internal control self-assessments. Since 2014, Internal Audit and Internal Control have operated within a single Audit and Internal Control Division (DACI), helping to improve risk control and management within the TF1 group. The DACI also handles the mapping of risks associated with internal control.

IDENTIFYING AND MANAGING RISKS

Risk mapping relies on feedback from regular Risk Committee meetings within the operating units and support functions of Group entities about key events that could have an adverse impact on attainment of the objectives in the three-year plan.

These committees are tasked with identifying emerging risks, systematically reviewing all risks identified during previous years, and removing any risks that no longer apply.

Each risk has an "owner" who is responsible for describing the risk, developing scenarios and assigning probabilities, so that risks can be prioritised and specific risk mitigation measures developed. A distinction is drawn between measures that reduce the probability of a risk occurring, and those that reduce the impact of a risk occurring.

The Risk Committees also monitor progress on resources put in place to mitigate risk, and propose additional action plans as necessary.

For a description of the principal risks and how they are managed, refer to section 1.5 ("Risk Factors") of this registration document and Annual Financial Report, which also describes the Group's policy on insurance. Market risks (including interest rate risk and exchange rate risk) are discussed in Note 8 to the consolidated financial statements (section 4 of this registration document and Annual Financial Report).

1.6.2.2 CONTROL ACTIVITIES

Alongside internal control and risk management, the TF1 group also performs various controls within the operating divisions, and more directly *via* the support functions.

CONTROL OVER BROADCASTING AND OTHER VITAL COMPANY OPERATIONS

The Technical and Information Systems Division (DTSI) is responsible for making programmes where it has been retained as producer; for the transmission of programmes, and the transmission network; and – *via* the Central Information Systems Division (DCSI) – for developing and operating the IT applications required for the production of information and secure transaction processing.

Applications used to help ensure that accounting and financial information complies with best practice in control are described in the section on "Financial Information Systems" below.

The Technical and Information Systems Division co-ordinates the identification, control and prevention of major technological risks liable to affect broadcasting service continuity and the ongoing conduct of the Group's vital operations.

To fulfil this remit, the division works with the Corporate Services Division (responsible for property and facilities management) to develop security policies in two key areas:

Business continuity

Réagir, the crisis management process in place at TF1, identifies and updates the main risk prevention scenarios, and any disaster recovery scenarios required for key processes.

A secure external backup site is in place to ensure resumption of key processes: programme transmission, production of news bulletins, preparation and marketing of advertising spots, and operation of information systems (especially accounting, treasury and payroll).

Procedures are tested regularly so that the system can be adjusted if necessary.

A website and hotline are available so that employees can keep in touch in an emergency.

Information systems security

In response to the increased risk of cyber-attack, the Technical and Information Systems Division has introduced extra security measures that go beyond compliance with internal control principles on information systems security:

- a Security Operation Cockpit (SOC) for continuous monitoring of information systems and detecting malfunctions caused by cyber-attacks;
- retaining a specialist TV transmission company on standby to transmit programmes autonomously for 24 to 48 hours;
- regular audit by external specialists to assess the resilience of systems and technical facilities to new risks, and to perform intrusion tests. The division also works with the Internal Communications Department on campaigns to raise user awareness of cyber-attacks, with a special focus on the vulnerability of attachments and web links;
- systematic involvement of IT security teams, and in particular the Head of Information Systems Security, at an early stage in the development of systems used to produce and transmit TV content. These teams ensure that the security policy is correctly applied, and that the system architecture selected is (and will remain) compatible with security imperatives.

PROGRAMME BUYING AND CONTROLS OVER PROGRAMME COMPLIANCE

TF1 enters into broadcasting rights contracts to secure programming for future years. The rights buying process is subject to an investment approval procedure, in which the role of each decision-maker is defined so as to ensure segregation of duties:

- the Rights Buying Division sets out the key features of the project, such as the unit price and the number of screenings;
- the Artistic Division checks that the programme complies with editorial policy;
- the Programming Division checks that the rights are aligned with the programming schedules of the Group's various channels, as well as with each channel's audience and inventory management targets;
- the Group Finance and Purchasing Division validates the inclusion of the acquisition in the cost of future programme schedules and the investment budget of the Programme Unit, the projected profitability of the acquisition, and the level of inventory. It also checks that the purchase price is in line with market prices and that performance clauses have been included.

Final approval is signed off by either the Chairman and CEO of the TF1 group, or by the Chief Executive Officer of the commissioning channel in line with delegated powers.

Sports rights are acquired by the division responsible for sport, usually by bidding in a tendering process. Such bids are governed by domestic regulations (the French Sport Code) and by European regulations. For the most significant projects, the Board of Directors sets up a special committee to advise on the bid.

Programmes broadcast on the Group's channels are subject to control by the CSA (the French broadcasting regulator) under agreements signed by the channels. Consequently, the TF1 group's Programme Compliance Division reviews programmes prior to broadcast on its channels, sometimes in collaboration with the Legal Affairs Division. This process also helps minimise the legal risks inherent in broadcasting television programmes.

Programmes intended for children are submitted for advice from psychologists, who are asked to preview the most sensitive programmes.

CONTROLS OVER ADVERTISING COMPLIANCE

Dedicated teams within TF1 Publicité preview all advertising spots for the channels on which they sell space (TF1, TMC, TFX, TF1 Séries Films and LCI). They also ensure that all the spots have been submitted to the ARPP (the French advertising self-regulatory organisation) for review, and passed for broadcast.

TF1 Publicité monitors compliance with laws and regulations covering the broadcasting of advertising on various types of media. Teams from each broadcaster check that the maximum daily and hourly broadcast times for advertising are not exceeded.

STRATEGY, DEVELOPMENT AND TRANSFORMATION DIVISION (DSDT)

The TF1 group's Strategy, Development and Transformation Division is responsible for conducting strategic studies and making acquisitions, compiling the business plan, monitoring the Group's equity holdings, and piloting the *OneTransfo* transformation plan in conjunction with Executive Management and members of the Executive Committee.

The DSDT also uses trend analysis to inform strategic studies and align major projects with expected changes in the industry environment.

Transformation plan

The *OneTransfo* plan launched in March 2016 by Gilles Pélisson focuses on two areas. The first, "Preparing for the future", aims to develop revenue from existing businesses as well as sourcing new revenue streams. The second, "Reinventing ourselves", is intended to make the Group more streamlined and agile. The plan breaks down into six initiatives, each of which comprises 24 projects led by operational managers and their teams, under the leadership of their respective Executive Committee members.

Business plan

The strategic planning approach relies on an analysis of how markets, consumption and the competitive environment are changing. Risk mapping is also taken into account.

Long-term strategic and competitive trends in the media, internet and telecoms sectors are closely monitored in order to devise scenarios for how the TF1 group's operations can evolve.

In July of each year, once the strategic priorities have been approved and senior management has aligned itself with those priorities, strategic guidance notes are prepared and sent to all Group entities, who use them to develop their three-year plans including the budget for the first year. The budget represents a firm commitment by the management of each entity to the Chairman of the TF1 group. Performance against the budget is measured by the Group Finance and Purchasing Division.

Each company and/or entity prepares its own three-year plan, but receives active support from Group management to ensure that business plans are compiled to consistent and uniform standards across the Group.

The plan is approved by the Board of Directors annually.

Governance

The Strategy Committee meets monthly to review key business indicators and issues relating to strategy, partnerships, development and transformation.

Monthly Commitment Committees allow for rapid decision-making on acquisition proposals, monitor progress on ongoing acquisitions, and set guidelines for negotiation teams.

Managing equity holdings

The DSDT monitors equity holdings on a regular basis with support from Finance, Legal Affairs and Operating Divisions. Twice a year, a special committee meets for a status check on past investments and new equity holdings. The Group has recently retained RAISE, a specialist investment fund, to make and manage media-for-equity investments on its behalf. The DSDT ensures that business relations between media-for-equity investees and the Group's operating entities are optimised.

FINANCE AND PURCHASING DIVISION (DGAFA)

The DGAFA includes all of the Group's finance functions. It plays a control role by disseminating procedures, methods and guidance throughout the Group.

Audit and Internal Control Division (DACI)

The TF1 group's internal audit function conducts financial, operational and organisational audits in Group entities (except for audits of the reliability, security and operation of information systems, which are performed by the Bouygues group's Central Audit Department).

All of these audits are conducted according to an annual plan approved by the Executive Management and Audit Committee of the TF1 group. The quarterly Audit Committee meetings include progress reports on the plan, and presentations of key findings and recommendations of completed audits.

Audits are performed following a strict methodology aimed at meeting the standards set by the French Institute of Audit and Internal Control (IFACI). Each audit ends with a report containing recommendations, which are systematically incorporated in an action plan to be applied by the audited entity and monitored by the internal audit function.

Financial Support & Purchasing Division (DAFA)

The DAFA handles all non-core finance roles. In addition to a Special Projects unit and a Rights-Holders Liaison unit, the DAFA also includes Financial Communications and Investor Relations; Purchasing (other than rights buying); and the Tools and Projects Hub.

These roles are integral to the day-to-day functional support that the Group Finance Division provides to all the operating divisions.

Financial Communications and Investor Relations Department

The Financial Communications and Investor Relations Department engages with shareholders, investors and analysts. As described in more detail in the section on "Process for managing published financial information" below, the department ensures that the markets and the financial community are regularly updated to give them the clearest and most comprehensive understanding possible of the company's strategy and business environment. All this is done in strict compliance with market rules and the principle of equal treatment for all investors.

Group Purchasing Division (other than rights buying)

The Purchasing Division optimises the procurement process by applying a high-quality supplier referencing process and a rigorous methodology, in line with best practice.

Our Responsible Purchasing Policy is described in section 7.3.8 of this registration document and Annual Financial Report.

Tools and Projects Hub

The Tools and Projects Hub is responsible for piloting upgrades to the financial information system based on the financial modules of the SAP package, and for deploying system improvements to support the ongoing transformation of DGAFA processes and methods.

Process and Data Unit

The main role of the Process and Data Unit is to measure the effectiveness of, and improvements to, the Group's financial processes. The unit supports finance staff in the ongoing transformation of their processes and methods, with a focus on improving their use of data.

Accounting, Tax, Treasury and Financing Division (DCFTF)

The Accounting and Tax Division (DCF) is responsible for establishing and applying accounting policies, and for preparing the individual and consolidated financial statements of Group companies.

- Accounting standards

The DCF monitors developments in international (IFRS) and French accounting standards, and ensures that appropriate accounting policies are in place. It also plays a co-ordinating and training role by drafting and distributing rules, procedures and policies in the areas of accounting, tax and internal control.

- Treasury and Financing

This department calibrates the Group's funding requirements and ensures that adequate funding is available from sustainable and diversified sources.

It provides centralised treasury management services for the Group (bank accounts, cash pooling, and interest rate and forex risk management), and oversees the security of the Group's money flows while reducing associated risks, including fraud, legal and counterparty risks.

Every year, the department works with the Strategy, Management Control and Investor Relations Departments to produce a dossier for the Standard & Poor's ratings agency, with whom it liaises throughout the year.

Group Performance Monitoring and Management Control Division (DPPCG)

The DPPCG monitors delivery on the objectives set in the annual budget as approved by the Board. Key steps in this process include:

- the monthly Group reporting package, which summarises and comments on key financial and operating information relating to the various Group entities and on current or future events that may have an impact.
- This document is based on the monthly reporting packages prepared and commented on by each business unit. These include a monthly accounts close, a revised end-of-year forecast, and performance indicators. The DPPCG checks, validates and analyses these packages and then prepares a consolidated dashboard at Group level, which is presented to Executive Management at a set time each month.

  At each monthly accounts close, the DPPCG and DCFTF work together to ensure that all expense and income items are recorded, and are recognised in the correct accounting period. Financial information used in management reporting and in the financial statements all derives from a shared Enterprise Resource Planning (ERP) platform, which ensures consistency and control of the data outputs;
- two updates, to allow for adjustments to year-end projections and recalibrate action plans if required;
- a process of regular re-forecasting to assess the impact of current events;
- monthly operating indicators reflecting short-term management objectives for the various business units. These may be used to develop action plans, and hence to measure performance. This process has been rolled out in most Group entities, and enables operational managers at every level to be aware of all available performance indicators.
- a digital dashboard analysing the components of programming margin for the TF1, TMC, TF1 Séries Films and LCI channels. Additional margin analyses are prepared regularly for individual programmes, dayparts or hourly slots; these are used to focus action plans.

HUMAN RESOURCES AND CSR DIVISION (DGARH & CSR)

The Human Resources and CSR Division plays a key role in selecting, deploying, and developing the human capital needed for TF1 group entities to operate effectively.

It monitors compliance with the French Labour Code and changes in labour policy, in conjunction with the various employee representative bodies. It also co-ordinates the Group's professional training, which aims to develop the technical, interpersonal and managerial skills required for the exercise of each employee's responsibilities. TF1 cares about developing the skills of its staff and encourages job mobility between Group companies and divisions.

As part of the overall management cycle the Human Resources Division works with the operating divisions and support functions to plan future human resources needs. These needs are formalised and are an integral part of the three-year financial and strategic planning process determined by Executive Management. Succession plans for the top 50 senior executives are regularly updated. Any request for a new hire or internal promotion is subject to a formal approval procedure.

For a description of the Group's Corporate Social Responsibility policy, which contributes to internal control *via* the reporting of social and societal information, refer to section 7 of this registration document and Annual Financial Report.

GENERAL COUNSEL'S DEPARTMENT AND LEGAL AFFAIRS DIVISION (DAJ)

The General Counsel's Department of the Group leads and co-ordinates two functions:

- the General Counsel's Department, directly responsible for:
  - managing relations with external bodies and authorities such as the CSA, the French Competition Authority, the French government and parliament, and the European Commission, working in conjunction with the Group's Institutional Relations and Regulatory Affairs Division,
  - monitoring laws, rules and decrees that affect the broadcasting industry,
  - monitoring compliance with regulatory requirements (production-related obligations, CSA reporting, the French Competition Authority, business combinations, abuse of dominant position, restraint of trade, etc.),
  - managing relations with trade bodies such as the French copyright collection agency (SACD) and the French TV producers association (USPA), and dealing with industry-wide agreements on broadcasting and production,
  - providing support to the Group's Pay-TV channels in their contractual dealings with the main Pay-TV distributors and ISPs and in administrative cases brought before the CSA and the French Competition Authority,
  - compliance with the Code of Ethics, and applying rules on personal and professional ethics and compliance,
  - relations with the Group's Ethics and CSR Committee;
- the Legal Affairs Division (DAJ), responsible for:
  - determining the contracting policy and supervising its enforcement within the Group, and more generally monitoring and negotiating key acquisition, distribution and sales contracts in compliance with governance rules,
  - dealing with matters relating to company law (including secretarial support for Board meetings and General Meetings), and assessing legal aspects of business development proposals,
  - dealing with court proceedings and litigation: risks and claims are monitored in close collaboration with the Finance and Purchasing Division (DGAFA) to ensure that they are correctly reported in the financial statements,
  - managing intellectual property such as rights, brands and domain names, and protective measures (especially against piracy),
  - protection and free movement of personal data, with a view to ensuring compliance with the new European legal framework that comes into force in May 2018,
  - monitoring of management risk, insurance, and real estate assets. In particular, the DAJ ensures that there is adequate insurance cover and that premiums and deductibles are commensurate with risk exposure.

For several years, the General Counsel's Department and the DAJ have been involved in a process to enhance security and control over commitments. Tangible results of this process include establishing a Group-wide contracting policy, and standard contract models for all recurring commitments. The DAJ is also working to optimise and secure the insurance policies taken out by TF1 and its subsidiaries so as to be covered against potential risks.

Finally, the DAJ oversees and helps to apply a consistent policy on delegation of powers within the organisation. Specifically, subsidiaries over which TF1 exercises exclusive control have been delegated powers based on guidelines established at Group level. In jointly-controlled subsidiaries, internal control is organised on the basis of the TF1 group's expertise and in compliance with shareholder agreements.

1.6.2.3 CONTROL PROCESS FOR PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

FINANCIAL INFORMATION SYSTEMS

The Central Information Systems Division (DCSI), in conjunction with the Tools and Projects Hub, deploys and supervises the TF1 group's financial information systems (accounting, management, treasury and consolidation).

TF1 operates both internally-developed systems and commercial software. Finance-related applications are rigorously analysed, monitored and operated so as to ensure continuity of service, integrity, security, and legal compliance. As part of the Group's information security policy, technical support and training are provided to staff to help prevent virus or hacking attacks. This is backed by the Eticnet Charter, a regularly updated document designed to ensure staff take these issues seriously.

TF1 has tools in place to guarantee control over commitments and payments:

- systematic centralised controls:
  - SAP access controls, based on a user role incompatibility matrix;
  - commitment approval procedures based on internal control rules.
- centralised creation and management of databases (suppliers, inventories).
- acceptance only of invoices that relate to a commitment validly approved within the system, by a Shared Invoice Administration Department, thereby enhancing segregation of duties between checking invoices on receipt, approving them for payment, and signing off the payment.

Payments made by Group entities are issued from SAP and are subject to multiple approvals including double signature; all payments are subject to formal banking signatory powers, which are updated on a regular basis.

PROCESS FOR THE PRODUCTION, CONSOLIDATION AND VALIDATION OF THE FINANCIAL STATEMENTS

Transaction recording

The TF1 group has documented accounting processes to ensure that transactions are accurately recorded in the correct accounting period, and that all and only those transactions that actually occur are recorded.

The DCF obtains assurance that the processes for collecting and processing financial information are reliable, especially *via* SAP and upstream applications (such as sales, purchases and payroll) that feed data into SAP. It issues sales invoices and processes payments received from customers; it also processes purchase invoices and pays suppliers on time. The DCF files tax and regulatory declarations (having checked them for accuracy) and makes sure taxes are paid on time.

Interim accounting closes

At each accounting close, period-end adjusting entries are subject to a joint review by the accounting and management control functions.

The DCF ensures that asset valuation processes have been properly applied, consistently with the accounting policies described in the notes to the financial statements:

- *Goodwill and equity holdings recognised in the balance sheet:* periodic review for evidence of impairment, annual impairment testing, and recognition of impairment losses as necessary;
- *Audiovisual rights and other assets:* review of valuation with reference to the relevant criteria;
- *Off balance sheet commitments:* annual review, focusing in particular on commitments to secure future programming schedules and involving the Programmes and Rights Buying Divisions, the relevant channel, and the finance function;
- *Litigation and other risks:* joint review with Legal Affairs, Human Resources and the Operating Divisions.

These processes, and their outputs, are reviewed by the Statutory Auditors.

The TF1 group issues quarterly consolidated financial statements, using SAP-BFC (the industry standard consolidation tool) which builds in rigorous analytical and data processing controls. Year-on-year movements in financial statement line items are analysed and fully explained.

Validation

Elective accounting treatments are reviewed with the Statutory Auditors ahead of each quarterly accounting close and presented to the Audit Committee.

The consolidated financial statements are reviewed each month by the Chief Financial Officer and presented to the Chairman & CEO.

The Statutory Auditors issue an audit opinion on the annual individual and consolidated financial statements of TF1, and perform a review of the interim consolidated financial statements.

The Audit Committee reviews the consolidated financial statements and the Statutory Auditors' report each quarter, before they are presented to the Board of Directors.

PROCESS FOR MANAGING PUBLISHED FINANCIAL INFORMATION

Only duly authorised persons may communicate financial information to the market. In addition to the Chairman & CEO, these include the Executive Vice President, Group Finance and Purchasing; the Corporate Communications Division; and staff of the Financial Communications & Investor Relations Department.

Published documents are subject to a control and validation process prior to release. This involves not only the Finance function but also Legal Affairs, Human Resources & CSR, and Corporate Communications. Quarterly financial press releases are approved by the Audit Committee and the Board of Directors.

The Financial Communications & Investor Relations Department distributes and communicates financial information about the TF1 group and its strategy through, for example:

- the management reports of the Board of Directors;
- the registration document, half-yearly financial reports and quarterly financial information;
- financial press releases;
- presentations to financial analysts and investors.

The Group files its registration document with the AMF (the French financial markets authority). Before filing, the registration document is reviewed by the Statutory Auditors.

The Corporate Social Responsibility information contained in the registration document is also reviewed by an independent third party, in accordance with the implementation decree of Article 225 of the Grenelle 2 Act.

Each issue on which TF1 publishes information is accompanied by discussion and analysis that is validated by Executive Management and updated regularly, providing robust support in the Group's relations with market players.

To guarantee investors equal access to information, all published financial information materials are also made available in English and distributed through the following channels:

- information intended for the general public is posted online (or sent by post on demand) on the corporate website at www.groupe- tf1.fr/en immediately upon publication;
- regulated information is disseminated in accordance with the European Transparency Directive *via* a primary information provider;
- analyst meetings are accessible in full without restriction, *via* live or catch-up webcast or *via* conference call;
- foreign visits and discussions with market players are usually conducted by two representatives from TF1, to ensure that the information provided is accurate and to guarantee equal access to that information. Any documents presented on such occasions are posted immediately on the corporate website at www.groupe-tf1.fr/en.

1.6.2.4 OVERSIGHT OF INTERNAL CONTROL

The two first lines of defence – operational management, and control activities carried out within the support functions – must themselves be subject to further controls. This is the role of the third line of defence, consisting of Internal Audit and the Audit Committee.

INTERNAL AUDIT

Internal Audit performs analyses and tests, and prepares reports, that help senior management identify, manage and control risks more effectively.

As part of its role, Internal Audit obtains assurance (in conjunction with the Internal Control function's own assessment programmes) that self-assessments are accurate and that internal controls are actually being applied. In the process, Internal Audit helps raise staff awareness of internal control principles.

In addition, Internal Audit actively monitors best practice in control implemented within the Group.

A summary of internal audit assignments is presented to the Audit Committee every quarter.

AUDIT COMMITTEE

The Audit Committee was set up in 2003 and consists of three Directors. To guarantee its independence, no executive officer or employee of TF1 may sit on the committee.

The committee reviews the quarterly, half-year and annual financial statements before they are presented to the Board of Directors, and also receives a presentation on the conclusions of the Statutory Auditors. This review includes assessing whether the accounting policies used for the preparation of the financial statements are appropriate and have been consistently applied, and verifying the procedures used to collect and check the information used.

The Audit Committee is also advised of information about how the Group is perceived by the financial markets. This information is provided to the committee in the form of a summary of what investors expect from the Group; a description of trends in the TF1 share price; and analyst consensus estimates of current-quarter and current-year revenues and profits.

The Audit Committee is provided with regular updates on the deployment of the internal control system, the results of assessment campaigns, major risks identified by the risk mapping process and progress against action plans to address risks. Each year, the third-quarter Audit Committee meeting validates the internal audit plan for the following year. A summary report on internal audit assignments, highlighting the risks and degree of control for each process audited, is presented to the Audit Committee on a regular basis.

1.6.3 CONCLUSION AND OUTLOOK

Throughout 2017, the TF1 group continued to reorganise its processes to make them more efficient and flexible and achieve greater cross-functionality between the entities. The participation rate in the internal control campaign was judged to be highly satisfactory.

TF1 extended the risk mapping process in 2017 by updating, reassessing and prioritising risks identified in previous years, and adding new risks that could impair attainment of the Group's medium-term strategic goals.

The Audit Committee was kept informed of all these activities on a regular basis.

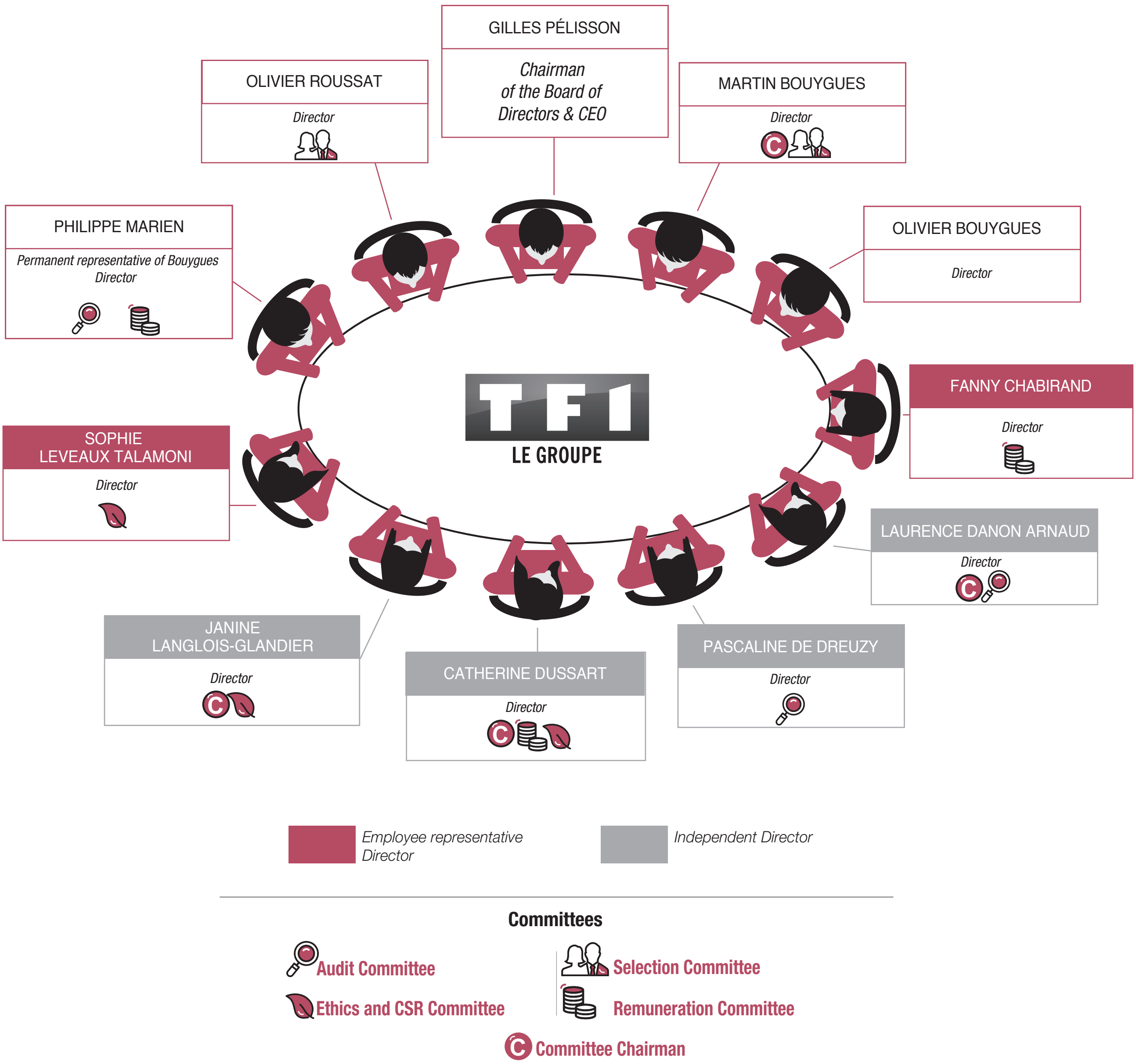
All of the internal control bjectives will be retained, supporting a dynamic vision of internal control that relies above all on the skills, sense of responsibility and commitment of all Group employees.

2

CORPORATE GOVERNANCE

2.1 ORGANISATION OF GOVERNANCE

2.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AT 15 FEBRUARY 2018



Type of Director	Method of appointment	Term of office	Number of Directors
Non employee representative Directors	Appointed by an Ordinary General Meeting	3 years	3 to 18
Employee representative Directors	Elected by TF1 SA employees	2 years	2

Since the Annual General Meeting of 14 April 2016, the TF1 Board of Directors has had 11 members, 9 of whom are non employee representative Directors.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2017

Directors reappointed at the Annual General Meeting of 13 April 2017		
Reappointed	**Directors remaining in office**	
Catherine Dussart Olivier Bouygues	Fanny Chabirand[(1)] Laurence Danon Arnaud Pascaline de Dreuzy Janine Langlois-Glandier Sophie Leveaux Talamoni[(1)]	Martin Bouygues Gilles Pélisson Olivier Roussat Bouygues SA[(2)]

(1) *Employee representative Director.*
(2) *Permanent representative: Philippe Marien.*

CHANGES IN THE COMPOSITION OF THE COMMITTEES IN 2017

There were no changes in the composition of the committees in 2017.

2.1.2 COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING OF 19 APRIL 2018

Reappointments proposed at the Annual General Meeting of 19 April 2018		
Reappointments[(1)]	**Elections[(2)]**	**Directors remaining in office**
Martin Bouygues Laurence Danon Arnaud Bouygues SA[(3)]	Fanny Chabirand Sophie Leveaux Talamoni	Olivier Bouygues Pascaline de Dreuzy Catherine Dussart Janine Langlois-Glandier Gilles Pélisson Olivier Roussat

(1) *The term of office of non employee representative Directors is three years.*
(2) *Applies only to employee representative Directors. Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, two Directors are elected by the employees of TF1 SA prior to the Annual General Meeting. The Annual General Meeting formally notes their election for a two-year term. Employee representative Directors fulfil their remit on the same conditions as non employee representative Directors.*
(3) *Permanent representative: Philippe Marien.*

A career résumé of each Director is provided in section 2.1.3.

The latest composition of the Board of Directors can be viewed at any time on the corporate website: https://www.groupe-tf1.fr/en/investors/governance/board-directors.

The Board of Directors seeks to improve the standard and effectiveness of corporate governance at TF1 by regularly reviewing its composition and diversity, together with the Directors' competencies, experience, commitment, and acceptance of full accountability. Other factors assessed include the proportion of independent Directors and gender balance, and ensuring that the Directors selected offer the best fit with the company and with the way in which the Board operates.

Consequently, the Board has sought advice from the Director Selection Committee in anticipation of the forthcoming Annual General Meeting.

At its meeting of 15 February 2018, the Board reviewed the directorships that are due to expire at the forthcoming Annual General Meeting, taking into account the expertise of the serving Directors and the need to maintain the proportions of independent and female Directors. The Board paid particular attention to the experience and knowledge of the Group's businesses that each Director needs in order to contribute effectively to the work of the Board and its four committees. Overall, the Board has sought to maintain a balanced membership that can address the challenges facing the Group.

REAPPOINTMENT OF THREE NON EMPLOYEE REPRESENTATIVE DIRECTORS

The terms of office of Laurence Danon Arnaud, Martin Bouygues and Bouygues SA (represented by Philippe Marien) expire at the end of the Annual General Meeting of 19 April 2018, called to approve the financial statements for the 2017 financial year.

The Board of Directors, in line with the recommendations of the Director Selection Committee, takes the view that those three Directors have been assiduous in their involvement in the work of the Board and its committees, and that their contribution has been highly valued. Their knowledge of the media, the audiovisual landscape and international industry brings insights to the Board. In addition, the financial expertise of Laurence Danon Arnaud and Philippe Marien enables them to fulfil their remit as members of the Audit Committee.

If their reappointment is approved, 4 out of 9 Directors would be independent and 4 out of 9 would be female, the same as at present (the two employee representative Directors are excluded from this calculation).

The Board of Directors will ask the shareholders to approve the reappointment of these Directors for a further three-year term of office, expiring at the Annual General Meeting held in 2021 to approve the financial statements for the 2020 financial year.

ELECTION OF TWO EMPLOYEE REPRESENTATIVE DIRECTORS

Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, there are two employee representative Directors. They are elected by the employees of TF1 SA. One is elected by an electoral college of managerial staff and journalists, the other by an electoral college of clerical, technical and supervisory staff. All employees with a contract of employment of at least three months at the date of the election are eligible to vote. All employees with a contract of employment of at least two years at the date of the election are eligible to stand.

Employee representative Directors fulfil their remit on the same conditions as non employee representative Directors.

TF1 does not fall within the scope of Article L. 225-27-1 of the French Commercial Code, which provides for a mandatory regime for employee representation on the Board of Directors for *sociétés anonymes* above a certain size. Similarly, TF1 has no obligation to arrange for the election of Directors representing employee shareholders pursuant to Article L. 225-23 of the French Commercial Code.

The terms of office of the two employee representative Directors, Fanny Chabirand and Sophie Leveaux Talamoni, expire in 2018. As required by law, the employee representative Directors are directly elected by TF1 employees in advance of the Annual General Meeting. The first round of elections takes place on 22 March 2018.

The Annual General Meeting of 19 April 2018 will know the names of the two employee representative Directors elected for two years by the electoral colleges, and will have to formally note their election and designation as employee representative Directors.

COMPOSITION OF THE BOARD OF DIRECTORS AFTER THE ANNUAL GENERAL MEETING

Subject to approval by the Annual General Meeting of the 7th to 9th resolutions, the composition of the Board of Directors after the Annual General Meeting will be as follows:

- 4 independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier;
- Two employee representative Directors: Fanny Chabirand and Sophie Leveaux Talamoni, pending results for the election of employee representative Directors on 22 March 2018;
- 1 executive Director: Gilles Pélisson;
- 4 Directors representing the major shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues SA (represented by Philippe Marien).

The TF1 Board of Directors would have 44% independent Directors (versus the 33.3% minimum for controlled companies) and 44% female Directors (the two employee representative Directors are excluded in determining the percentages).

Also subject to the above, the committees would comprise:

Audit Committee

- Chairwoman: **Laurence Danon Arnaud**, independent Director.
- Members: **Pascaline de Dreuzy**, independent Director and **Philippe Marien**.

Ethics and CSR Committee

- Chairwoman: **Janine Langlois-Glandier**, independent Director.
- Members: **Catherine Dussart**, independent Director and **Sophie Leveaux Talamoni**, employee representative Director.

Director Selection Committee

- Chairman: **Martin Bouygues**.
- Member: **Olivier Roussat**.

Remuneration Committee

- Chairwoman: **Catherine Dussart**, independent Director.
- Members: **Fanny Chabirand**, employee representative Director and **Philippe Marien**.

2.1.3 DIRECTORSHIPS AND OTHER POSITIONS HELD BY DIRECTORS

Directorships and other positions held by Directors of TF1 as of 31 December 2017 and during the past five years are listed below. The Directors are compliant with the rules on multiple directorships.

GILLES PELISSON

Born 26 May 1957 – French

Chairman & CEO, appointed 19 February 2016
Director since 18 February 2009
independent until 28 October 2015

Current term expires: **2019**
Holds **3,000 TF1 shares**
Business address: **1, quai du Point du jour**
92100 Boulogne-Billancourt, France

EXPERTISE AND EXPERIENCE

Gilles Pélisson is a graduate of ESSEC and holds an MBA from Harvard Business School. He began his career in 1983 with the Accor group, first in the United States and then in the Asia-Pacific region. At Accor, he served as CEO of the Courtepaille restaurant chain and co-Chairman of the Novotel hotel chain. He was appointed CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez group in 2000 and then to Bouygues Telecom in June 2001, where he served as CEO, and then Chairman and CEO from February 2004. He was appointed CEO of Accor in January 2006, then Chairman and CEO until January 2011.

From 2011 to 2015 he was an independent Director of Barrière (hotels and casinos in France), NH Hoteles (Spain), Sun Resorts International (Mauritius), Accenture (USA) and TF1, and Senior Advisor to the Jefferies investment bank (New York).

He has been Chairman and Chief Executive Officer of TF1 since 19 February 2016.

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

Chairman and Director of the TF1 Corporate Foundation.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairman and founder-Director of the Gérard & Gilles Pélisson Foundation for the Paul Bocuse Institute.

Outside France: Director of Accenture PLC (USA).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

January 2017 – Chairman and Director of Monte-Carlo Participation.

February 2016 – Director of the Lucien Barrière group and Sun Resorts International (Mauritius); Senior Advisor to Jefferies Inc., New York (United States).

2014 – Director and member of the Global Advisory Board of NH Hoteles.

2013 – Director of BIC (listed company).

MARTIN BOUYGUES

Born 3 May 1952 – French

Director since 1 September 1987
Chairman of the Director Selection Committee

Current term expires: **2018**
Holds **1,044 TF1 shares**
Business address: **32, avenue Hoche – 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. A Director of Bouygues since 1982, Martin Bouygues was appointed Vice Chairman in 1987. In September 1989, Martin Bouygues succeeded Francis Bouygues as Chairman and CEO of Bouygues. At his instigation, Bouygues continued to expand its development in construction as well as in media (TF1), and launched Bouygues Telecom in 1996. In 2006 Bouygues acquired a stake in Alstom.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairman & CEO and Director of Bouygues (listed company). Chairman of SCDM. Permanent representative of SCDM, Chairman of Actiby and SCDM Participations. Member of the Board of Directors of the Francis Bouygues Corporate Foundation.

Outside France: member of the Board of Directors of the Skolkovo Foundation (Russia).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Member of the Supervisory Board and the Strategy Committee of Rothschild & Co (listed company, formerly Paris-Orléans).

2015 – Permanent representative of SCDM; Chairman of La Cave de Bâton Rouge (formerly SCDM Invest-3).

OLIVIER BOUYGUES

Born 14 September 1950 – French

Director since 12 April 2005

Current term expires: **2020**
Holds **100 TF1 shares**
Business address: **32, avenue Hoche**
75008 Paris, France

EXPERTISE AND EXPERIENCE

Olivier Bouygues, a graduate of École Nationale Supérieure du Pétrole (ENSPM), joined the Bouygues group in 1974. He began his career in the group's Civil Works Division. From 1983 to 1988 at Bouygues Offshore, he was Director of Boscam, a Cameroon subsidiary, then Director of the France Works and Special Projects Division. From 1988 to 1992 he was Chairman and Chief Executive Officer of Maison Bouygues. In 1992 he became Group Executive Vice President of Utilities Management, which combined the French and international activities of Saur. Olivier Bouygues has been a Director of Bouygues since 1984. In 2002 he was appointed Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer and Director of Bouygues (listed company). Chief Executive Officer of SCDM. Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Member of the Board of Bouygues Immobilier. Chairman of SCDM Domaines (formerly SAGRI-F).

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium). Director of SCDM Energy Limited (United Kingdom); Chairman and CEO of Seci (Côte d'Ivoire).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Chairman of Sagri-E.

2016 – Permanent representative of SCDM; Director of Bouygues and Bouygues Immobilier SA.

2015 – Chairman of SCDM Énergie; Director of Eranove (formerly Finagestion), Sodeci (Côte d'Ivoire), CIE (Côte d'Ivoire) and Sénégalaise des Eaux (Senegal); liquidator of SIR.

2014 – Director of Eurosport.

FANNY CHABIRAND

Born 14 September 1976 – French

Employee representative Director since 13 March 2012
Member of the Remuneration Committee

Current term expires: **2018**
Holds **20 TF1 shares**
Business address: **1, quai du Point-du-Jour**
92100 Boulogne-Billancourt, France

EXPERTISE AND EXPERIENCE

Fanny Chabirand holds a Masters degree in Tourism Science and Technology. She joined TF1 on 1 January 2007 and since then has worked as a commercial assistant on the TF1 Works Council.

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

None

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

None

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

None

LAURENCE DANON ARNAUD

Born 6 January 1956 – French

Independent Director since 22 July 2010
Chairwoman of the Audit Committee

Current term expires: **2018**
Holds **100 TF1 shares**
Business address: **30, bd Victor-Hugo**
92200 Neuilly-sur-Seine, France

EXPERTISE AND EXPERIENCE

Laurence Danon Arnaud enrolled at École Normale Supérieure Paris in 1977. She obtained an agrégé teaching qualification in Physics in 1980. After two years of research at the CNRS national scientific research laboratory, she enrolled at the École Nationale Supérieure des Mines engineering school in 1981, graduating in 1984 as a qualified engineer. Laurence then joined the French Ministry of Industry as head of the Industrial Development Department within the Industry & Research directorate of the Picardy region. Three years later she moved to the Hydrocarbons Directorate of the Ministry of Industry, where she headed up the Exploration-Production Department. In 1989, she joined the Elf group, working in commercial managerial roles in the Polymers Division before being appointed head of a unit within the Industrial Specialties Division in 1991. She took on a new role in 1994 as Director of the Global Functional Polymers Division. From 1996 to 2001 she was CEO of Ato-Findley Adhesives, which became Bostik (world no. 2 in adhesives in 2000). In 2001, she was appointed as Chairwoman & CEO of Printemps and a member of the Executive Board of PPR (Pinault Printemps Redoute, now Kering), where she successfully oversaw the repositioning towards fashion and luxury goods. She won the “Enterprise” trophy at the Femmes en or (France’s “Women of the Year” awards) in 2006. Following the successful sale of Printemps in October 2006, she left this role in 2007. Laurence joined the Edmond de Rothschild group in 2007 as a member of the Management Board of Edmond de Rothschild Corporate Finance, becoming Chairwoman in 2009.

In just a few years she significantly raised the profile of the firm’s mid-cap/family M&A advisory business, engineering some ground-breaking deals. At the start of 2013 she moved to Leonardo & Co. SAS, the French subsidiary of the Italian investment bank Banca Leonardo (one of France’s leading M&A specialists handling 30 deals a year), as Chairwoman of the Board of Directors. Following the sale of Leonardo & Co. SAS to Natixis in 2015, Laurence joined her family firm Primerose SAS. Laurence is an officer of the Légion d’honneur and the Ordre de Mérite. She has also been elected to the Académie des Technologies.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairwoman of Primerose SAS. Director of the Amundi, Groupe Bruxelles - Lambert and GECINA listed companies.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Senior Advisor to Natixis Partners; Director of Cordial Investment & Consulting plc (United Kingdom).

2015 – Chairwoman of the Board of Directors of Leonardo & Co.; Director of Diageo plc (United Kingdom).

2013 – Member of the Supervisory Board of BPCE (Banques Populaires– Caisse d’Épargne).

PASCALINE DE DREUZY

Born 5 September 1958 – French

Independent Director since 14 April 2016
Member of the Audit Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **7 rue du Laos 75015 Paris, France**

EXPERTISE AND EXPERIENCE

A doctor at Hôpitaux de Paris, and holder of an EMBA from HEC and a company Director Diploma from Sciences-Po-IFA, Pascaline de Dreuzy has been overseeing innovative and pioneering cross-functional projects at the Necker-Enfants Malades hospital for more than 25 years.

From 2011 to 2013 she was a doctor-manager at strategy consulting firms (ANAP, Arthur Hunt), and then set up her own organisation, P2D Technology, which promotes to economic and industrial players a range of innovative technologies to help frail and at-risk people by improving their safety and mobility and providing early alerts of incidents. She also joined the medico-psycho-social project at team SAMU, the Paris Ambulance Service. Her ambition is to create human/digital interfaces to streamline patient pathways, and to use innovative technologies to reduce healthcare costs.

In a parallel career, she has been involved in the corporate world from an early age as a Director of one of the family holding companies that controls the PSA group. She is extremely committed to corporate governance: following the end of her term of office on the Board of the French Institute of Directors she joined the institute's CSR, Integrated Reporting and Risk Appetite expert groups.

She is a Knight of the Légion d'Honneur.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Director of the Séché Environnement Group since 2017, Director of the Fondation Hugot du Collège de France since 2017, and Director of Samu Social International since 2014, Member of the Expert Committee of the Innovation Investment Fund (life sciences, digital and ecotechnologies) at Bpifrance since 2015.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Diaconesses-Croix Saint Simon Hospitals, Œuvre de la Croix Saint Simon Foundation

2016 – French Institute of Directors – Director

2015 – Diaconesses-Croix Saint Simon Hospitals – Chairwoman of the Ethics Committee

2014 – SAPAR, family holding company of the PSA Peugeot Citroën group – Director

2013 – Paul Parquet Foundation – Ethics-Palliative Care Consultant.

CATHERINE DUSSART

Born 18 July 1953 – French

Independent Director since 18 April 2013
Chairwoman of the Remuneration Committee
Member of the Ethics and CSR Committee

Current term expires: **2020**
Holds **100 TF1 shares**
Business address: **25, rue Gambetta**
92100 Boulogne Billancourt, France

EXPERTISE AND EXPERIENCE

After studying management, Catherine Dussart began her career as a press officer and then became a producer.

As a producer, she started out with short films, before moving naturally on to feature films and long-format documentaries for the cinema and television with the creation of Les Productions Dussart in 1992 and CDP in 1994. Since then she has produced or co-produced nearly 100 films in around 15 countries. Her recent productions include *The Missing Picture* by Rithy Panh, which won the *Un Certain Regard* prize at the 2013 Cannes Film Festival and the Prix Italia, and was also an Academy Award nominee for best foreign film; *In This Land Lay Graves of Mine* by Lebanese director Reine Mitri (Dubai International Film Festival); *9 fingers* by F.J. Ossang, winner of best screenplay at the 2017 Locarno Festival; *France Is Our Mother Country* by Rithy Panh (Fipa 2015); *Chauthi Koot* (*The Fourth Direction*) by Gurvinder Singh (India), presented in the official selection at the 2015 Cannes Film Festival; *Kalo Pothi* (The Black Hen) by Min Bahadur Bham (Nepal), winner of the critics prize at the 2015 Venice Film Festival; *The Exile* by Rithy Panh, presented in the official selection at the 2016 Cannes Film Festival; and *Gospel* by Pippo Delbono, presented in the official selection at the 2016 Venice Film Festival.

Nine films are in production for 2018, including films by Rithy Panh, Amos Gitai and Peter Greenaway that are currently shooting. Catherine Dussart is a consultant for the Doha Film Institute. She has been a member of the Board of Directors of the Franco-Russian Cinema Academy, and a member of the World Cinema Subsidy Commission of the French Ministry of Foreign Affairs; the Royalty Advances commission of the French National Cinematography Centre (CNC); and later Vice-Chairwoman and member of the CNC's Distribution Subsidy Commission.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: General Manager of Catherine Dussart Production-CDP.

FORMER OFFICES AND POSITIONS HELD IN THE PAST FIVE YEARS

2014 – Member of the Board of Directors of the Franco-Russian Cinema Academy.

JANINE LANGLOIS-GLANDIER

Born 16 May 1939 – French

Independent Director since 19 April 2012
Chairwoman of the Ethics and CSR Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **17, rue de l'Amiral-Hamelin – 75016 Paris, France**

EXPERTISE AND EXPERIENCE

Janine Langlois-Glandier is a graduate of the Institut d'Études Politiques de Paris, holds a post-graduate diploma in private law and is a barrister at the Paris bar.

She joined ORTF (the French state radio broadcaster) in 1967, working in the Management Control and Finance Department and then in the Staff Department, where she managed employees in artistic and production roles.

In 1975 she joined Radio France, then Société Française de Production (SFP), where she was appointed General Counsel in 1981.

She became Managing Director of Société Française de Production and SFPC, the film subsidiary of SFP, in 1983.

She was appointed Chairwoman of FR3 in 1985 and Chairwoman of La Sept (later ARTE) in 1986.

From 1987 to 1990 she chaired the Board of Directors of the French National Audiovisual Institute (INA).

She was also a Director of Agence France-Presse (AFP) and the Committee for the Conservation of Audiovisual Archives.

She served as CEO of Pathé Cinéma and Chairwoman & CEO of Pathé Télévision and Pathé Interactive (a Pathé/Philips subsidiary) from 1991 to 1997.

During this period she was also a Director of the *Libération* newspaper and of Cinémathèque Française.

From 1997 to 2002 she worked for the *Conseil Supérieur de l'Audiovisuel* (CSA), the French audiovisual industry regulator, where she had specific responsibility for cinema, advertising and sport.

She has chaired the French Mobile Media Forum since 2005.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairwoman of the Mobile Media Forum. Director of Fransat (limited company) and La Semaine du Son (not-for-profit organisation). Member of the Cultural Board of the Monnaie de Paris.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2013 – Vice-Chairwoman of the Action Fund of SACEM (the French music copyright royalty collection agency).

SOPHIE LEVEAUX TALAMONI

Born 11 December 1964 – French

Employee representative Director since 3 April 2014
Member of the Ethics and CSR Committee

Current term expires: **2018**
Holds **10 shares in TF1**
Business address: **1, quai du Point-du-Jour**
92100 Boulogne-Billancourt, France

EXPERTISE AND EXPERIENCE

Sophie Leveaux Talamoni has been TF1's Artistic Director of Acquisitions and international development manager since July 2008. She joined the Acquisitions Division of TF1 group in 1993 and was appointed Artistic Manager in 1995, since when she has gradually assumed broader responsibilities across the division's spectrum of activities

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

None.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

None.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

None.

PHILIPPE MARIEN

Born 18 June 1956 – French

Permanent representative of Bouygues in its capacity as Director since 20 February 2008
Member of the Audit Committee
Member of the Remuneration Committee

Current term expires: **2018**
Business address: **32, avenue Hoche – 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Philippe Marien is a graduate of École des Hautes Études Commerciales (HEC). He joined the Bouygues group in 1980 as an international finance manager. In 1984, he was special advisor for the takeover of the AMREP oil services group before being appointed Finance Director of Technigaz, a liquefied natural gas engineering contractor, in 1985. In 1986, he joined the Bouygues group Finance Department to take responsibility for financial aspects of the takeover of Screg. He was successively appointed Director of Finance and Cash Management at Screg (in 1987) and Director of Finance at Bouygues Offshore (in 1991). He was appointed Senior Vice President, Finance and Administration of Bouygues Offshore in 1998, then moved to Bouygues Bâtiment in 2000 as Chief Financial Officer. In March 2003, Philippe Marien became Chief Financial Officer of the Saur group, the Bouygues group's water management subsidiary, where he managed the sale of Saur first by Bouygues to PAI Partners, and then by PAI Partners to a new group of shareholders led by Caisse des Dépôts et Consignations. He was appointed Chief Financial Officer of the Bouygues group in September 2007. In February 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, a role he held until April 2013. His responsibilities within the Bouygues group increased and in 2015 he became Group Chief Operating Officer and Chief Financial Officer, with additional responsibilities for Group information systems and innovation and then (in 2016) for Human Resources.

On 30 August 2016 he was appointed Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company). Chief Executive Officer of SCDM. Permanent representative of Bouygues in its capacity as Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Permanent representative of Bouygues in its capacity as member of the Board of Bouygues Immobilier.

Outside France: Director of Bouygues Europe (Belgium) and Uniservice (Switzerland).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Director of Bouygues Telecom, permanent representative of Bouygues in its capacity as Director of C2S.

2016 – Permanent representative of Bouygues in its capacity as Director of Bouygues Immobilier.

2015 – Liquidator of Finamag.

2013 – Chairman of the Board of Directors of Bouygues Telecom.

BOUYGUES

Paris Trade and Companies Register (RCS) no. 572 015 246

Director, represented by Philippe Marien since 20 February 2008

Current term expires: **2018**
Holds **91,946,297 TF1 shares**
Registered Office: **32, avenue Hoche – 75008 Paris, France**

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Director of GIE 32 Hoche. Member of the Board of Bouygues Immobilier. Member of the Board of Directors of the management body of Centre Gustave Eiffel (not-for-profit organisation). Member of the Board of Directors of the Fondation Dauphine and GIE Registrar.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Director of Bouygues Immobilier and C2S.

OLIVIER ROUSSAT

Born 13 October 1964 – French

Director since 18 April 2013
Former permanent representative of Société Française de Participation et de Gestion (SFPG) in its capacity as Director of TF1 until 2013.
Member of the Director Selection Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **32, avenue Hoche – 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Olivier Roussat is a graduate of the National Institute of Applied Sciences (INSA) in Lyon. He began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery and pre-sales. In 1995 he joined Bouygues Telecom to set up the network management centre and network processes. He then became head of network operations and telecoms and IT service delivery. In May 2003, he was appointed network manager and became a member of the Executive Committee of Bouygues Telecom. In January 2007 Olivier Roussat took charge of the performance and technology unit, which combines Bouygues Telecom's cross-functional technical and IT departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for the headquarters and Technopôle buildings. Appointed Deputy Chief Executive Officer of Bouygues Telecom in February 2007, then Chief Executive Officer in November 2007, he became Chairman and Chief Executive Officer of Bouygues Telecom in May 2013. On 30 August 2016 he was appointed Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company). Chairman & Chief Executive Officer of Bouygues Telecom. Director of Bouygues Construction. Member of the Board of Bouygues Immobilier.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Member of the Board of Directors of the Bouygues Telecom Corporate Foundation. Member of the Strategy Committee of Bouygues Energies & Services.

2014 – Director of Bouygues Energies & Services.

2013 – Representative of Société Française de Participation et de Gestion (SFPG) in its capacity as Director of TF1.

2.2 CORPORATE GOVERNANCE REPORT

AFR

This report was prepared by the Secretary to the Board in conjunction with senior management and the Group Finance Department. It draws upon various internal documents (the Articles of Association and Rules of Procedure, and minutes of Board and Board Committee meetings). The report takes account of currently valid regulations; corporate governance recommendations issued by the AMF (the French financial markets authority); the recommendations contained in the AFEP/MEDEF "Corporate Governance Code of Listed Corporations"; and the report of the French High Committee on Corporate Governance.

The Board of Directors approved this Corporate Governance report at its meeting of 15 February 2018.

2.2.1 PRINCIPLES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association stipulate that the company is administered by a Board of Directors with between three and eighteen members. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986 as amended on broadcasting freedom, at least one-sixth of the Board of Directors consists of employee representatives.

Directors other than employee representatives are appointed by a General Meeting of shareholders. Since 2015, the term of office of non employee representative Directors has been three years, in order to facilitate the phased rotation recommended by the AFEP/MEDEF Code of Corporate Governance (the "AFEP/MEDEF Code").

The Articles of Association do not set an age limit for Directors. The age limit for holding office as Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer is sixty-seven years.

In accordance with Article L. 225-47 of the French Commercial Code the Board of Directors elects from among its members a Chairman, who may be re-elected. The Chairman of the Board of Directors organises and directs the work of the Board. He ensures that the company's management bodies function properly, and in particular that the members of the Board are capable of fulfilling their duties.

In accordance with Article L. 225-51-1 of the French Commercial Code, responsibility for executive management is assumed either by the Chairman of the Board of Directors or by another person appointed by the Board of Directors. The Board of Directors is free to choose between the two alternative options for the executive management of the company. On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers.

EMPLOYEE REPRESENTATIVE DIRECTORS

Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, there are two employee representative Directors. They are elected by the employees of TF1 SA. One is elected by an electoral college of managerial staff and journalists, the other by an electoral college of clerical, technical and supervisory staff. All employees with a contract of employment of at least three months at the date of the election are eligible to vote. All employees with a contract of employment of at least two years at the date of the election are eligible to stand.

Employee representative Directors hold office for two years. The term of office of an employee representative Director terminates on announcement of the results of the votes of the electoral colleges held to appoint employee representative Directors; such appointment normally takes place two weeks before the General Meeting at which the Director's term of office expires. If one or more seats of employee representative Directors fall vacant due to death, resignation, dismissal or termination of employment contract, the vacant seat is filled by an alternate.

Employee reprensentative Directors have the same powers and responsibilities as non employee representative Directors.

Under the Board's Rules of Procedure, employee representative Directors are required to hold a smaller minimum number of TF1 shares during their term of office (10 shares) than non employee representative Directors (100 shares).

TF1 does not fall within the scope of Article L. 225-27-1 of the French Commercial Code which provides a mandatory regime for employee representation on the Board of Directors for *sociétés anonymes* once they reach a certain size. Similarly, TF1 has no obligation to arrange for the election of Directors representing employee shareholders pursuant to Article L. 225-23 of the French Commercial Code.

BOARD RULES OF PROCEDURE AND DIRECTORS' CODE OF CONDUCT

The Board's Rules of Procedure were adopted at a Board meeting on 24 February 2013. They explain how the Board operates. They also describe how the Accounts Committee (renamed the Audit Committee in 2003) and the Director Selection Committee operate and extend the powers of the Remuneration Committee, which had existed as a collegiate body since 1988. An Ethics and CSR Committee was set up in July 2014. A separate annex to the Rules of Procedure, entitled the "Directors' Code of Conduct", specifies the rights and obligations of Directors.

The Rules of Procedure are updated regularly to take account of best practice in governance, and include in an annex the latest version of the AFEP/MEDEF Code as revised in November 2016.

The main sections of the Rules of Procedure describe the powers, characteristics and remit of the Board and its specialist committees. It also lays down the principles for the annual evaluation of the Board's operating procedures.

The Rules of Procedure and Directors' Code of Conduct are available on the TF1 corporate website at: https://www.groupe-tf1.fr/sites/default/files/mediatheque/PDF-Finance/gouvernance/statuts-reglement-interieur/reglement_interieur_du_ca_tf1_-_maj_au_15_02_2017.pdf.

REFERENCE TO THE AFEP/MEDEF CORPORATE GOVERNANCE CODE

TF1 has for many years applied the majority of the recommendations issued by the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

In 2008, the Board of Directors decided that the company would voluntarily adhere to the AFEP/MEDEF Code. The AFEP/MEDEF recommendations are included in an annex to the TF1 Board's Rules of Procedure. An English-language version of the Code can also be viewed on the AFEP website at: http://www.afep.com/publications/code-afep-medef/.

The table below shows TF1's departures from the AFEP/MEDEF Code, and the reasons for those departures.

Departure from AFEP/MEDEF Code	Explanation
Article 16.1: "The Nominations Committee must mostly consist of independent Directors."	The Board of Directors is considering changes to the composition of the Director Selection Committee (the title used by TF1 for its Nominations Committee).
Article 17.1: "The Compensation Committee must mostly consist of independent Directors. It is recommended that the Chairman of the committee be independent and that one of its members be an employee Director."	The Remuneration Committee (the title used by TF1 for its Compensation Committee) is chaired by an independent Director. The other members are an employee representative Director and a non-independent Director. The Board of Directors is considering changes to the composition of the Remuneration Committee.

The Board takes the view that the Remuneration Committee is well balanced, and that the character and probity of its members guarantee that the committee will fulfil its remit independently.

In addition, the Board reinforced the role of the independent Directors with the introduction in 2015 of meetings reserved for them.

ASSESSMENT OF DIRECTOR INDEPENDENCE

Every year, the Board of Directors – having taken advice from the Director Selection Committee – assesses the position of each Director individually by reference to all of the independence criteria contained in the AFEP/MEDEF Code.

Under the AFEP/MEDEF Code, a Director is regarded as independent when he or she has no relationship of any kind with the company, its group or its management that may colour their judgment. The Code lists a number of independence criteria which when applied to TF1 are as follows:

- not being, and not having been during the past five years: (i) an employee or executive officer of TF1; (ii) an employee, executive officer or Director of an entity consolidated by TF1; or (iii) an employee, executive officer or Director of TF1's parent or of an entity consolidated by that parent;
- not being an executive officer of an entity in which (i) TF1 directly or indirectly holds a directorship or (ii) an employee of TF1 is designated as a Director or (iii) an executive officer of TF1 (current, or who has held such office within the past five years) holds a directorship;
- not being a customer, supplier, investment banker or commercial banker that is (i) material to TF1 or its group or (ii) or for which TF1 or its group represents a significant proportion of its business;
- not being related by close family ties to a corporate officer;
- not having been a Statutory Auditor of TF1 within the past five years;
- not having been a Director of TF1 for more than 12 years (a Director ceases to be independent once he or she has served on the Board for twelve years);
- not holding a significant percentage (more than 10%) of TF1's share capital or voting rights.

A non-executive officer cannot be regarded as independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of TF1 or its group.

Based on the above criteria, the Board has identified the following Directors as independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier.

The four independent Directors have no business relationship with TF1. None of them receives variable compensation in cash or in the form of shares or any compensation linked to the performance of TF1 or its group.

	AFEP/MEDEF Code independence criteria						
	Employee or executive officer of TF1 or the Bouygues group during the past 5 years	Cross-directorships	Significant business relationships	Close family ties with corporate officer	Not having been TF1's auditor in past 5 years	Not having been a TF1 Director for more than 12 years	Significant shareholder (>10% capital/voting rights)
Laurence Danon Arnaud	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Pascaline de Dreuzy	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Catherine Dussart	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Janine Langlois-Glandier	compliant	compliant	compliant	compliant	compliant	compliant	compliant

NB: the criterion relating to not having held office as a TF1 Director for more than 12 years does not apply to any of the four independent Directors. More than half of the Directors (6 out of 11) have joined the Board within the last seven years, and three others have served for nine or ten years.

The Board of Directors will ask the Annual General Meeting of 19 April 2018 to renew the terms of office of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors for a further three years. Laurence Danon Arnaud would continue to have no business relationship with the TF1 group, and would retain her status as an independent Director by reference to all the AFEP/MEDEF Code criteria.

Laurence Danon Arnaud would also remain as Chairwoman of the Audit Committee.

Excluding employee representative Directors, the TF1 Board of Directors has four independent Directors, which means that the proportion of independent Directors is 44%.

The proportion of independent Directors on the Board committees is indicated in the description of the composition of each committee.

GENDER BALANCE ON THE BOARD

The TF1 Board of Directors has four female non employee representative Directors and two female employee representative Directors. This means that 44% of Board members are women (the employee representative Directors are excluded in determining the percentages).

The Board of Directors will ask the Annual General Meeting of 19 April 2018 to renew the terms of office of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors for a further three years. Subject to shareholder approval of those reappointments, four of the Board's nine members (excluding employee representative Directors) would be women, *i.e.* 44%.

The proportion of female Directors on the Board committees is indicated in the description of the composition of each committee.

DIVERSITY AND COMMITMENT OF THE DIRECTORS

For a detailed description of the Board of Directors as of 15 February 2018, refer to Section 2.1.1 of this registration document.

The following table provides, as of the General Meeting of 19 April 2018, a summary presentation of the personal information and experience of the Directors, as well as their commitment to TF1's corporate governance.

	Status	Female Male	Age	Competencies	Board committees	First appointed	Current term expires	Years service on Board	2017 Board attendance
Executive Officer									
Gilles Pélisson	Not independent	M	60	Audiovisual and digital, International, Governance, Management, CSR, Finance		2009	2019	9	7/7 meetings
Independent Directors									
Laurence Danon Arnaud	Independent	F	62	International, Governance, Management, Finance	Chairwoman of Audit Committee	2010	2018	7	7/7 meetings
Pascaline de Dreuzy	Independent	F	59	Governance, CSR, Finance	Member of Audit Committee	2016	2019	2	6/7 meetings
Catherine Dussart	Independent	F	64	Audiovisual and digital, International, Management, CSR	Chairwoman of Remuneration Committee, member of Ethics and CSR Committee	2013	2020	5	7/7 meetings
Janine Langlois-Glandier	Independent	F	78	Audiovisual and digital, Institutional and regulatory, Governance, Management, CSR, Finance	Chairwoman of Ethics and CSR Committee	2012	2019	6	7/7 meetings
Employee representative Directors									
Fanny Chabirand	Not independent	F	41	Audiovisual and digital	Member of Remuneration Committee	2012	2018	6	7/7 meetings
Sophie Leveaux Talamoni	Not independent	F	53	Audiovisual and digital, International, CSR	Member of Ethics and CSR Committee	2014	2018	4	6/7 meetings
Non independent Directors									
Martin Bouygues	Not independent	M	65	Audiovisual and digital, International, Governance, Management	Chairman of Director Selection Committee	1987	2018	30	5/7 meetings
Olivier Bouygues	Not indépendent	M	67	Audiovisual and digital, International, Governance, Management, CSR		2005	2020	13	7/7 meetings
Bouygues (represented by Philippe Marien)	Not independent	M	61	Audiovisual and digital, International, Governance, Management, Finance	Member of Audit Committee and Remuneration Committee	2008	2018	10	7/7 meetings
Olivier Roussat	Not independent	M	53	Audiovisual and digital, International, Governance, Management, Finance	Member of Director Selection Committee	2009	2019	9	6/7 meetings

Audiovisual and digital · International · Institutional and regulatory · Governance · Management · CSR · Finance

Average length of service of Directors: 9 years

Average age of Directors: 60 years

Percentage of women: 44%(1)

Percentage of independent Directors: 44%(1)

(1) Figures calculated excluding employee representative Directors.

2.2.2 PRINCIPLES OF CORPORATE GOVERNANCE

GOVERNANCE

The Board is required by law to elect one of its members (who must be a natural person) as Chairman, to organise and direct the work of the Board and ensure that the company's management bodies function properly. The Board delegates responsibility for the executive management of the company either to the Chairman of the Board of Directors or to another natural person, who may or may not be a Director, with the title of Chief Executive Officer.

Combining the offices of Chairman and Chief Executive Officer

Gilles Pélisson was appointed as Chairman and Chief Executive Officer at the Board Meeting of 17 February 2016 and took office on 19 February 2016, the day after the presentation of the financial statements for the 2015 financial year.

On the advice of the Director Selection Committee, the Board of Directors concluded that it was preferable not to separate the role of Chairman from that of Chief Executive Officer (given the size of the company, the specialist nature of its business, and past experience that the proposed governance structure was effective).

The Board of Directors confirmed Gilles Pélisson as Chairman and Chief Executive Officer following the renewal of his term of office as Director for three years by the Annual General Meeting of 14 April 2016.

The Board has not appointed a senior independent Director or Vice Chairman.

Executive management

In accordance with the law, the Chief Executive Officer has the broadest powers to act in the name of the company under all circumstances. He exercises such powers within the limits of the corporate purpose and subject to the powers expressly accorded by law to Shareholders' Meetings and to the Board of Directors.

On taking office, Gilles Pélisson reconfigured the Executive Committee (EXCO), for which he assumed direct responsibility. The EXCO reports to Gilles Pélisson and is the senior managerial body in terms of strategic high-level decision-making within the TF1 group.

The EXCO implements the overall strategic orientations determined by the Board. It meets once a week. Key issues discussed include a status report on advertising, financial results, digital initiatives and economic trajectory; an update by each member on the salient matters within his or her sphere of operations, including their staff; and a look forward to major future events. A written record is kept of all decisions.

As of 15 February 2018, there are 10 EXCO members. Alongside the Chairman and Chief Executive Officer are nine key executives:

- Operational:
  - Ara Aprikian: Executive Vice President, Content,
  - Régis Ravanas: Executive Vice President, Advertising & Diversification,
  - Thierry Thuillier: Executive Vice President of News;
- Transverse:
  - Olivier Abecassis: Vice President, Innovation and Digital,
  - Christine Bellin: Vice President, Strategy, Development and Transformation,
  - Frédéric Ivernel: Vice President, Communication and Brands;
- Support:
  - Arnaud Bosom: Executive Vice President, Human Resources and CSR,
  - Jean-Michel Counillon: Corporate Secretary,
  - Philippe Denery: Executive Vice President, Finance and Procurement.

Limits on the powers of the Chairman and Chief Executive Officer

The measures in place to balance the exercise of powers between the executive management role with the Board of Directors contribute to good governance within the TF1 group.

The Board's Rules of Procedure specify which important decisions must be taken by the Board:

- the Board of Directors, with the assistance of an *ad hoc* committee if needed, examines and makes decisions on operations of real strategic importance;
- the strategic priorities, business plans and financing policy for the business segments and the Group are presented to the Board for approval;
- the Board must give its prior approval for any transaction regarded as being of major significance for the Group including investments, organic growth, external acquisitions, disposals, or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- the Board must approve the principal guarantees and major commitments entered into by the Group.

The TF1 Board of Directors met seven times in 2017. It approved all corporate actions – in particular, acquisitions and disposals – likely to materially affect the Group's financial results, balance sheet structure or risk profile. One Board Meeting was devoted specifically to the three-year plan, with a focus on the strategic context and risk mapping.

In addition, a number of practices (some of them long-established) contribute to the good governance of the company and place limits on the powers of the Chairman and Chief Executive Officer. These include:

- the existence of four permanent Board committees: the collegiate body set up in 1988 to determine the remuneration of executive officers (now the Remuneration Committee); the Audit and Director Selection Committees, both set up in 2003; and the Ethics and CSR Committee, set up in 2014 to deal with ethical issues and the company's responsibilities towards the environment, its employees and society;

- the presence of two employee representative Directors on the Board (since the privatisation of TF1), of whom one also sits on the Ethics and CSR Committee (since 2014) and the other on the Remuneration Committee (since 2015);
- the presence of independent Directors on the Board and its committees (since 2003). Subject to the reappointment of Laurence Danon Arnaud, Martin Bouygues and Bouygues SA as Directors at the Annual General Meeting, the Board will maintain the proportion of independent Directors at 44% (versus the 33.3% minimum recommended for controlled companies) as well as the proportion of women on the Board at 44% (not counting the employee representative Directors, both of whom are women);
- the existence of a Directors' Code of Conduct as an annex to the Board's Rules of Procedure, which were adopted in 2011 and specify rules for how the Board and its committees operate;
- the adoption in 2014 of four compliance programmes that supplement the Code of Conduct in the fields of anti-corruption, conflicts of interest, securities trading and competition;
- the practice (introduced in 2015) of holding one meeting a year attended solely by the independent Directors, at which they can freely discuss any issue.

RULES GOVERNING HOW THE BOARD OPERATES

The TF1 Board of Directors operates in accordance with legal and regulatory requirements, the company's Articles of Association, the Board's Rules of Procedure, and the recommendations of the AFEP/MEDEF Corporate Governance Code.

The Board of Directors meets as often as the interests of the company require.

Under the Rules of Procedure, the Board must meet at least once a quarter. In the first quarter, the Board closes off the financial statements for the previous financial year. In the second quarter, it reviews the first-quarter financial statements. In the third quarter, the first-half financial statements are closed off and the strategic priorities are presented to the Board for approval. In the fourth quarter, the Board reviews the third-quarter financial statements and analyses revenue and profit estimates for the current year and subsequent year; in addition, the business plans and financing policies of the Group and its business segments are submitted for Board approval.

All Directors have the same powers and duties. Decisions are taken collectively.

Board decisions are only valid if at least half of the Board members are present, and are taken on a majority of the members present or represented. In the event of a tie, the Chairman of the meeting has the casting vote.

Remit of the Board

The Board has a key role in determining the strategy and key orientations of the company and the Group, and in ensuring they are implemented.

Consequently, the Board's sphere of action includes:

- the strategic orientations of the company and the Group;
- significant corporate actions including internal restructuring, and major investment decisions (including acquisitions and disposals) likely to materially affect the Group's financial results, balance sheet structure or risk profile;
- monitoring delivery on the above;
- information provided to the shareholders and the financial markets;
- such inspections and verifications as it deems fit;
- determining the remuneration of corporate officers.

Each Board Meeting includes an update on corporate actions and events since the previous meeting, and on ongoing key projects likely to be completed before the next meeting. At least once a quarter, the Board is informed by the executive management about the company's financial position, cash position and commitments.

Between Board Meetings, Directors receive all useful information about events or corporate actions that are material to the Group. More generally, they may request from the Chairman at any time all information or documents they regard as useful for fulfilling their remit.

Competencies and expertise of Directors

The Board's assessment pays particular attention to the training, competencies, experience and knowledge of the Group's businesses that each Director needs in order to contribute effectively to the work of the Board and its four committees (the Audit Committee, Remuneration Committee, Director Selection Committee and Ethics and CSR Committee).

More than half of the Directors work in the French audiovisual industry or in telecoms. The other Directors have a very good understanding of the audiovisual industry. For details of the professional experience of the Directors, refer to Section 2.1.3 of this registration document.

A number of factors combine to ensure that Board discussions and decision-making are of good quality: the Board members' experience and personal commitment, their ability to understand the challenges and risks facing the Group's businesses, and the good mix of backgrounds and specialist interests. The Board of Directors is balanced, diverse, experienced, and responsible.

The Board has not appointed any censor.

Director training

On being appointed to the Board, each Director is given a presentation on the company, its business segments, and the sectors in which it operates. This includes an induction programme in which the incoming Director meets the heads of each of the Group's main divisions. During their term of office, each Director may receive additional training from key executives of TF1 and its subsidiaries.

Each Director may also obtain further information on their own initiative, as the Chairman will always be available to provide the Board with explanations and information on significant matters.

Providing information to Directors

In general, Directors must be provided in advance with the information necessary for decision-making. During Board discussions, they should make recommendations in full possession of the facts. Decisions are taken collectively.

Each Director has one vote. In the event of a tie, the Chairman has the casting vote. Employee representatives designated by the Works Council attend Board Meetings, as do Executive Committee members and the Group Head of Legal Affairs (who acts as Secretary to the Board). The Statutory Auditors are invited to all Board Meetings. Key executives are invited to attend on a regular basis to give the Directors insights into market conditions, business performance, new developments and strategy.

The role of the Secretary to the Board is to ensure that the Board operates smoothly. The Secretary draws up the schedule of Meetings of the Board of Directors and its committees, prepares the agendas, sets the running order of Meetings in conjunction with the Chairman & CEO, and prepares draft minutes which are then submitted for approval by the Directors at the next Board Meeting. The Secretary also organises the Board assessment process, assists in preparing documents made available to the shareholders ahead of the Annual General Meeting, and oversees relations with individual shareholders.

Before each Meeting, Directors are sent a notice of that Meeting and the minutes of the previous Meeting. During Meetings, Directors are provided with all documents and information required for their discussions and decision-making, together with a list of any risks that have been identified, in line with regulatory requirements and the company's interests. They also review the reports of the Board committees.

Directors receive regular information about the company and the Group, including strategic plans and business plans; information for monitoring the Group's operations and their revenues; the company's financial position, cash position and commitments; any event that has or may have a material effect on the Group's consolidated results; and key events affecting human resources and staffing levels.

From the final quarter of 2017, Directors have the use of a secure digital platform that enables them to access Board and Committee documents and other useful documentation and information (schedule of Meetings, notices of Meetings, Articles of Association, Board Rules of Procedure, Corporate Governance Code, etc.).

Directors' conduct and other information

Conflicts of interest – Related party agreements – Convictions

To the best of TF1's knowledge, in the last five years no member of the Board has been:

- convicted of fraud or associated with a bankruptcy, compulsory administration or liquidation;
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional bodies;
- prevented by a court from acting as a member of a Board of Directors, Management Board or Supervisory Board of a publicly listed company or from running such a company.

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holdings of TF1's shares, except that each Director is required to own at least one share in the company. However, the Board's Rules of Procedure recommend that each non employee representative Director should own at least 100 shares during their term of office and comply with insider trading rules.

Directors are reminded annually of the obligation placed upon them to declare any trading in TF1 shares by themselves or by persons with close personal ties to them. This information is reported to the AMF individually (including the name of the person involved) and made public in a press release.

Article 5 of the Directors' Code of Conduct contains detailed provisions aimed at preventing conflicts of interest:

- "Directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, Directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a Director.
- Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.
- If the situation requires, Directors may be obliged not to attend Board Meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other Directors concerning the subject in question. The Chairman of the Board of Directors may ask Directors at any time to confirm in writing that they are not subject to any conflict of interest."

The company is currently aware of the following potential conflicts of interest:

- Bouygues, the major shareholder, is represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat. Gilles Pélisson is bound by an employment contract with Bouygues;
- Fanny Chabirand and Sophie Leveaux Talamoni are bound by employment contracts with TF1.

To the best of the company's knowledge, there are no other service contracts between members of the Board of Directors and TF1 or any of its subsidiaries that provides for the award of any benefits under that contract.

To the best of the company's knowledge, no potential conflicts of interest currently exist between the duties of Board members to the company and their private interests or other duties.

The Statutory Auditors' special report on related party agreements and commitments (see Section 5.3 of this registration document) describes the agreements and commitments submitted to the Board of Directors for authorisation and on which Directors abstained from voting for reasons related to actual or potential conflicts of interest.

Assessment of the Board of Directors

In accordance with the Board's Rules of Procedure and the AFEP/MEDEF Code, once a year the Board of Directors includes on the agenda for a Board Meeting a formal review of the composition, organisation and operation of the Board and its committees.

This assessment has three key objectives:

- assess how the Board is operating;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each Director to the Board's work through his or her competence and involvement in discussions.

This assessment allows each Director to give an opinion on the composition and operation of the Board; the relevance of agenda items; the quality of the discussions; the level of information provided; the evaluation of commitments made; the analysis of potential risks; and corporate strategy. The process includes a specific evaluation by each Director of his or her contribution to the work of the Board and any Board committees on which he or she sits.

As in previous years, a detailed questionnaire designed to evaluate the performance of the Board and its committees was distributed to Directors and committee members. Nine of the ten questionnaires issued were returned. The responses (which can be made anonymously) were compared with those of the two previous years to measure progress.

The main findings of the assessment were:

- Overall assessment:

The responses show a high degree of satisfaction overall. Generally speaking, the Directors were satisfied that the Board and its committees run smoothly, and appreciated the quality of the discussions and the contributions of each Director.

The quality of the information provided to Directors was deemed satisfactory or very satisfactory, and the insights provided to the Board by senior executives were genuinely appreciated.

In terms of the profile of the Board, one member suggested that the Board appoint a new independent Director in the 35-40 age bracket with a special interest in digital.

Some Directors suggested that the Board could be given presentations on specific issues, such as data protection and the management of cyberattacks;

2.2.3 WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

WORK OF THE BOARD OF DIRECTORS IN 2017

The Board of Directors meets at least once a quarter. Additional meetings are held for special presentations or to address exceptional issues.

In addition, when a special project is planned the Directors may ask some Board members to form an *ad hoc* committee to validate the project and assess its impact on the Group's financial statements and financial position. Such committees are regularly formed when important broadcasting contracts are to be signed or renewed.

The TF1 Board of Directors met seven times in 2017. The quarterly Meetings lasted 2 hours and 30 minutes on average.

The agenda for quarterly Meetings is split into three parts: business review, financial statements, and legal issues.

Recurring topics discussed at each Meeting are:

- **monitoring of the day-to-day management of the Group,** including:
  - a detailed review of the operations and prospects of TF1 and its principal subsidiaries,
  - trends in the competitive environment in which the Group's channels operate,
  - closing off the individual and consolidated financial statements (annual in February, half-year in July, and quarterly in April and October) in the presence of the Statutory Auditors; review financial results and the proposed appropriation of annual earnings; closing off full-year and first-half accounting documents and forecasts; reviewing the Group's financial position, including financial commitments and risks/risk mapping (the Audit Committee having previously reviewed all those issues),
  - legislative and regulatory changes, and current status of ongoing litigation,
  - decision-making, especially on investments needed for the development of the Group,
  - a review at each Meeting of a report on acquisitions, disposals, and major corporate actions in progress,
  - issues relating to employees, and in particular the policy on professional and pay equality,
  - delegation of financial powers to Gilles Pélisson on bond issues,
  - renewal of the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties;
- **monitoring of major strategic orientations:** the Board is closely involved in setting and implementing the Group's strategy. Discussions among Board members relate to rights buying, development strategy, new sources of growth and potential acquisitions;
- **corporate governance:** the issues dealt with include:
  - changes in corporate governance rules and best practice,
  - self-assessment of the Board, and annual update on how the Board is operating,
  - reports from the Audit, Director Selection, Remuneration, and Ethics and CSR Committees,
  - composition of the Board and changes in composition of the committees, with particular reference to the proportion of female and independent Directors on the Board and to the diversity of competencies and backgrounds,
  - the remuneration of the executive officer and awards of stock options for the financial year, and the associated reports to shareholders,
  - scrutiny of the amount of Directors' fees paid to Board members,
  - preparations for the Annual General Meeting (agenda, draft resolutions, annual management reports and other Board reports),
  - authorisations of commitments and related party agreements.

The Board's main decisions in 2017 – in addition to the recurring topics listed above – were as follows:

Board Meeting of 16 January	
Strategy and three-year business plan. Major risk mapping. Update on the alliance between TF1 and Prosiebensat.1 around MCN Studio71, and review of the proposals for France. Divestment of the 33.5% equity interest in Groupe AB, on the occasion of the sale by Claude Berda of his entire equity interest. Launch of territory-specific advertising in Belgium. Proposed acquisition by Newen Studios of a 71% controlling interest in Tuvalu Media, the leading independent producer in the Netherlands.	Attendance rate 100%
Board Meeting of 15 February	
Negotiations with operators on the TF1 Premium offering. Creation of the European Broadcaster Exchange (EBX) airtime sales agency, as an equal partner with ProSiebenSat.1 and Mediaset (Spain and Italy). Combination within a single entity of the three intermediate holding companies that own the headquarters building. Remuneration of Gilles Pélisson for 2016 and remuneration policy for 2017, including his defined-benefit pension plan, after scrutiny by the Remuneration Committee.81 Update of the Board's Rules of Procedure to reflect the November 2016 revision of the AFEP/MEDEF "Corporate Governance Code of listed corporations". Proposal to renew the terms of office of Catherine Dussart and Olivier Bouygues as Directors. Calling of the Annual General Meeting and finalisation of the agenda, the draft resolutions, the report on those resolutions (including the description of the share buyback programme), and approval of the Chairman's report on corporate governance and internal control.	Attendance rate 91 %
Board Meeting of 13 April	
Responses to written questions submitted by shareholders in advance of the Annual General Meeting.	Attendance rate 91 %
Board Meeting of 27 April	
Creation of the independent Committee for Honesty, Independence and Pluralism in News and Programmes, as required by the law of 14 November 2016 intended to reinforce freedom, independence and pluralism in the media. Ongoing negotiations on major broadcasting contracts, and review of calls for bids for sports rights. Acquisition by TF1 Entertainment of a minority equity interest in Play Two. Proposed acquisition by Newen Studios in Monday Media, Scandinavia's leading independent producer of non-scripted programmes, sport and drama, operating across all Scandinavian countries. Effective divestment of TF1's 7% minority equity interest in TEADS. Consultation with the Works Council on strategic orientations. Company and Group policy on professional and pay equality, diversity and disability, and a new collective profit-sharing agreement. Award of performance shares to the principal members of the Executive Committee (EXCO) and General Management Committee (CODG), and of stock options to senior executives on the Group Management Committee (COMGT).	Attendance rate 91 %
Board Meeting of 21 July	
Progress report on negotiations with operators on the TF1 Premium offering. TF1's strategic priorities. New agreement between TF1 and the CSA (the French audiovisual regulator) following renewal of TF1's terrestrial licence. Announcement of arrival of Channel 4 as the fourth partner in the European Broadcaster Exchange (EBX) airtime sales agency, with the partners planning to have equal 25% shares.	Attendance rate 91 %
Board Meeting of 30 October	
Update on the regulatory environment, in particular the French Competition Authority investigation into priority and pre-emptive movie rights; the consultation launched by the French Culture Ministry on simplifying the rules on TV advertising; and status report on ongoing work to bring TF1 into compliance with the EU General Data Protection Regulation. Further consultation with the Works Council on strategic orientations. Evaluation of the Board of Directors. Authorisation of related party agreements.	Attendance rate 100%
Board Meeting of 12 December	
Strategy and three-year business plan. Major risk mapping. Progress report on negotiations with operators on the TF1 Premium offering. Compliance of the Code of Ethics and Anti-corruption Compliance Programmes with the Sapin II Act. Authorisation to make a firm offer to the Axel Springer Group to acquire its majority shareholding of 78.4% of the capital of Aufeminin, followed by an obligatory public offer for the remainder of its share capital.	Attendance rate 91 %

COMMITTEE OF INDEPENDENT DIRECTORS

Since 2015, the independent non employee representative Directors have held a separate meeting once a year at which they can freely discuss any issue.

During 2017, the four independent Directors held two such meetings.

BOARD COMMITTEES

The Board of Directors may create one or more specialist committees, which function under its responsibility. The Board determines their composition and remit. These committees are composed exclusively of Directors and assist the Board in its work.

Each committee issues proposals, recommendations and opinions, and reports to the Board of Directors.

TF1's four specialist committees are the Audit Committee, the Remuneration Committee, the Director Selection Committee, and the Ethics and CSR Committee.

Each committee consists of two or three Directors. Any person serving as Chairman, Chief Executive Officer or Deputy Chief Executive Officer of TF1 cannot be a member of any of the committees.

The Directors believe that these rules guarantee that the committees are independent and effective. The Chair of each committee, who has the casting vote, may not be a member of the company's management or executive bodies. The Audit Committee, Ethics and CSR Committee and Remuneration Committee are chaired by independent Directors.

Committee meetings are called by the Chair of the committee in question, or at the request of the Chairman of the Board of Directors. Opinions are delivered on a simple majority vote of the members. Each committee reports on its work to the next Board Meeting.

Before deliberating on any issue within the sphere of a committee's competence, the Board of Directors refers the matter to that committee and takes account of the committee's report.

The Board of Directors regularly sets up *ad hoc* committees specifically tasked with examining acquisition or development proposals, particularly for significant Broadcasting contracts. The independent Directors appreciate the opportunity to set up such committees, and review their reports carefully.

AUDIT COMMITTEE

Composition and attendance

In accordance with the AFEP/MEDEF Code, two thirds of the committee's members are independent and none is an executive officer. Ever since the committee was set up on 24 February 2003, its members have been chosen for their financial or accounting expertise.

Since 14 April 2016, the Audit Committee has consisted of Laurence Danon Arnaud (Chairwoman) and Pascaline de Dreuzy, both of whom are independent Directors, and Philippe Marien. The committee members have through the course of their careers gained a wealth of experience in corporate management, as well as in economics and finance. Their career résumés are provided in Section 2.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate at all meetings.

Remit

The Audit Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

Four meetings are scheduled each year, during which the committee reviews the quarterly, half-year or annual financial statements, plus cash management reports and the conclusions of the Internal Audit and Internal Control Departments before they are submitted to the Board.

The committee is tasked with overseeing issues relating to the preparation and audit of accounting and financial information. In particular, it oversees:

- the process for preparing financial information, which involves the committee:
  - examining the indicvidual and consolidated financial statements at least two days before they are presented to the Board,
  - ensuring that the accounting policies used to prepare the financial statements are appropriate and consistently applied,
  - examining changes that have a material impact on the financial statements,
  - examining the principal estimates, judgements and elective treatments used in preparing the financial statements, and the main changes in the scope of consolidation,
  - approving materials used for financial communication purposes, and monitoring the reaction of the financial markets;
- the effectiveness of internal control and risk management systems;
- internal control procedures for the preparation of the financial statements, with assistance from internal departments and competent external advisors;
- the audit of the individual and consolidated financial statements by the Statutory Auditors, and the independence of the Statutory Auditors, which involves the committee:
  - examining in detail the fees paid to the Statutory Auditors by the company and the Group, and checking the size of those fees relative to the total fee income of each audit firm,
  - directing the procedure for selecting and reappointing the Statutory Auditors,
  - making recommendations on Statutory Auditors whose appointment is submitted to the Annual General Meeting for approval;
- all reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at accounting closes, but whenever warranted by a specific event.

To fulfil its remit, the committee has access to any accounting and financial documents it sees fit, and must be able to speak with the external auditors and with company employees responsible for financial statement preparation, cash management and internal audit without executive officers being present. The committee may hear observations from the Statutory Auditors without company representatives present, so that it can be sure the auditors have had full access to information and have all the resources needed to discharge their responsibilities. The Statutory Auditors present to the committee a summary of their work and of elective accounting treatments used at accounting closes.

The committee reports on its work at the next Meeting of the Board of Directors, and informs the Board without delay of any difficulties encountered. The deliberations of the Audit Committee, and the information communicated to the committee, are highly confidential and may not be divulged outside the Board of Directors.

Work of the Audit Committee in 2017

The committee met four times in 2017 and once in the first two months of 2018. The following were invited to each meeting: the Executive Vice President, Finance and Procurement; the head of Accounting, Tax, Treasury and Financing; the head of Internal Audit and Control; and the Statutory Auditors. A report was compiled of the proceedings of each meeting and presented to the Directors.

During the examination of the financial statements the Statutory Auditors provided the committee with a note pointing out key aspects of the scope of consolidation, the audit findings, and the elective accounting treatments applied. The Executive Vice President, Finance and Procurement, also submitted a note describing risk exposure and the company's major off-balance sheet commitments. The main recommendations of the Statutory Auditors gave rise to an action plan and a monitoring procedure.

The Audit Committee also monitored progress on the audit plan, analysed the year-on-year change in the share price, and reviewed major litigation and financial and legal risks.

REMUNERATION COMMITTEE

Composition and attendance

In accordance with the AFEP/MEDEF Code, the Remuneration Committee is chaired by an independent Director, and none of its members is an executive officer. The Remuneration Committee was created in 1988.

The committee's members are Catherine Dussart (Chairwoman and independent Director), Fanny Chabirand (an employee representative Director), and Philippe Marien. Their career résumés are provided in Section 2.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate at all meetings.

Remit of the Remuneration Committee

The Remuneration Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is to:

- make proposals to the Board of Directors on the remuneration and benefits awarded to executive officers;
- propose rules for determining the variable remuneration of executive officers, and check annually that the remuneration is commensurate with the assessment of their performance and the company's medium-term strategy;
- make proposals for remuneration and incentive systems for senior executives, and for stock options and performance shares.

Work of the Remuneration Committee in 2017

The committee met twice in 2017 and once during the first two months of 2018. The committee gave the Board its opinion on the determination of the remuneration and supplementary pension of TF1's executive officer. It also met to review the terms and conditions of the new TF1 performance share and stock option plan granted by the Board of Directors in June 2017. A report was compiled of the proceedings of each meeting and presented to the Directors.

DIRECTOR SELECTION COMMITTEE

Composition and attendance

The Director Selection Committee was set up on 24 February 2003 and since 19 April 2012 has consisted of Martin Bouygues, who chairs the committee, and Olivier Roussat. Their career résumés are provided in Section 2.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate.

Remit of the Director Selection Committee

The Director Selection Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is:

- to periodically examine issues relating to the composition, organisation and operation of the Board of Directors and to make recommendations to the Board;
- and in particular:
  - to assess possible candidates for directorships, bearing in mind that at least one-third of Board members must be independent Directors,
  - to examine proposals to create Board committees, and draw up a list of their powers and members,
  - to assess any measures required to fill executive officer posts that unexpectedly become vacant.

Work of the Director Selection Committee in 2017

The committee met once in 2017 and once during the first two months of 2018. An assessment of the independence of Directors was discussed by the Director Selection Committee and reviewed by the Board of Directors prior to publication of the Annual Report.

The Director Selection Committee gave its opinion on the composition of the Board and recommended the Board of Directors to ask the Annual General Meeting of 13 April 2017 to renew the terms of office of Catherine Dussart and Olivier Bouygues as Directors. A report on the committee's proceedings was presented to the Directors.

ETHICS AND CSR COMMITTEE

COMPOSITION AND ATTENDANCE

The Ethics and CSR Committee consists of at least two Directors. No executive officer may sit on the committee, which is chaired by an independent Director. A Director may not be appointed to the Ethics and CSR Committee if a corporate officer of TF1 is a member of a similar committee at a company in which that Director is himself or herself a corporate officer.

The Ethics and CSR Committee was formed on 24 July 2014, since when its members have been Janine Langlois-Glandier (Chairwoman) and Catherine Dussart, both of whom are independent Directors, and Sophie Leveaux Talamoni who is an employee representative Director. Their career résumés are provided in Section 2.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate.

Remit of the Ethics and CSR Committee

The Ethics and CSR Committee is governed by Rules of Procedure that specify its remit.

The committee's remit is:

- Ethics:
  - to help define rules of conduct or guiding principles to inspire the behaviour of executives and other employees,
  - to propose or offer an opinion on ways to promote exemplary professional behaviour,
  - to oversee compliance with those values and rules of conduct;
- CSR:
  - to examine at least once a year issues the Group is facing in terms of its responsibility to employees, the environment and society,
  - to give the Board its opinion on the CSR report required under Article L. 225-102-1 of the French Commercial Code.

In fulfilling its remit, the committee can meet with the Chairman of the Board of Directors or any person designated by him. The committee reports on its work to the next Meeting of the Board of Directors.

Work of the Ethics and CSR Committee in 2017

The committee met once in 2017 and once during the first two months of 2018.

The Ethics and CSR Committee examined the main actions and key points in the field of ethics and CSR policy, including (i) the progress report on the Group's channels published by the CSA (the French audiovisual regulator) in 2016, and discussions with the CSA on the freeview switchover of LCI and the renewal of TF1's HD licence; (ii) the retention of the compliance and good conduct measures adopted by TF1 Publicité in 2015 and (iii) material ongoing litigation.

The committee reviewed the 2017 Action Plan, which followed similar lines to the actions already taken in 2016 including (i) the introduction of a new Institutional Relations Charter and a new Journalistic Code of Conduct; (ii) updates to documentation, mainly in light of the "Sapin 2 law" and the drafting of business-specific procedures; and (iii) an internal training module on "Everyday Ethics".

In CSR, the committee examined initiatives taken by the Group during 2016 in areas such as diversity, solidarity, sustainable du development, upskilling of employees, and transparency of extra-financial reporting.

The committee expressed a favourable opinion and approved the proposed 2017 Action Plan, which continued along the same lines.

AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS TO PROCEED WITH CAPITAL INCREASES

Refer to section 6.3.5. of this Registration Document.

SPECIFIC PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

General Meetings are called, meet, and conduct their proceedings in accordance with the conditions required by law.

Any shareholder, regardless of the number of shares they hold, can participate in General Meetings, either by attending in person, by assigning a proxy, or voting by mail, under the conditions indicated in the meeting notice or the convening notice available on the web at https://www.groupe-tf1.fr/, Investors>Shareholders>General meeting.

FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

A description of factors liable to have an impact in the event of a public offer for TF1 shares is provided in Section 6.1.10 of this registration document.

2.3 2017 REMUNERATION DISCLOSURES

Report on remuneration in accordance with Article L. 225-37-3 of the French Commercial Code

This chapter contains the reports required by the French Commercial Code and the tables recommended in:

- the AFEP/MEDEF Code of Corporate Governance as revised in November 2016, application of which is overseen by the High Committee on Corporate Governance;
- the AMF Recommendation of 22 December 2008 as amended on 17 November 2017, on executive remuneration disclosures to be included in the registration documents of listed companies.

2.3.1 REMUNERATION OF EXECUTIVE OFFICERS AND CORPORATE OFFICERS

PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF THE EXECUTIVE OFFICER

General preliminary remarks

- The Executive Officer holds an employment contract with Bouygues SA.
- The Board of Directors has not granted the Executive Officer any entitlement to compensation for assumption, cessation or change of office, or for any non-competition undertaking in the event that he leaves the company.
- He has not been granted any deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.
- The total remuneration of the Executive Officer takes into account the existence of a capped supplementary pension and the fact that he has not been granted any entitlement to compensation of the type mentioned above.
- Other than Directors' fees (see Table 2 below), the Executive Officer does not receive any remuneration from any subsidiary of the Bouygues group or of the TF1 group.

Role of the Board of Directors

The Board of Directors determines the criteria for awarding the variable portion of remuneration, and the overall amount of remuneration, to be paid to the Executive Officer of TF1. Before doing so, the Board consults the Remuneration Committee, which takes into account AFEP/MEDEF recommendations on the remuneration of executive officers of listed companies.

The remuneration determined by the Board of Directors is in the general interests of the company. Three factors are taken into account:

- the company's performance: the Board took the view that the remuneration should be commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment;
- stock market performance: the remuneration was considered in light of the company's performance on the stock market, in particular trends in its average share price;
- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

This remuneration and the associated social security charges are paid to the Executive Officer by Bouygues (which employs him) and then re-invoiced to TF1. Each year, the TF1 Board of Directors authorises the re-invoicing of this remuneration.

FIXED REMUNERATION

The Executive Officer's fixed remuneration is reviewed annually by the TF1 Board of Directors, in accordance with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. Fixed remuneration is determined in line with the general interests of the company, and takes into account the following factors:

- the level and difficulty of the Executive Officer's responsibilities;
- his experience in the post;
- his length of service with the Group;
- practices followed by the Group or by companies carrying on comparable businesses.

For 2017, Gilles Pélisson's fixed remuneration was set at €920,000.

BENEFITS IN KIND

Benefits in kind consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur/bodyguard for the personal needs of the Executive Officer.

Those benefits have been valued at €6,220 for the Executive Officer (Gilles Pélisson).

VARIABLE REMUNERATION

General policy on variable remuneration

The criteria for determining variable remuneration are set by the Board in light of AFEP/MEDEF recommendations.

The variable component is an integral part of the remuneration not only of the Executive Officer, but also of other executives.

Within the TF1 group, employees at and above department head level are also eligible for variable remuneration, which is paid annually in March in respect of the previous year according to the attainment of objectives based on collective and individual criteria, both quantitative and qualitative. The proportion represented by variable remuneration increases in line with the employee's level of responsibility.

General description of the method used to determine the Executive Officer's variable remuneration

An objective is defined for each criterion.

Those objectives are precisely defined, but are not disclosed for confidentiality reasons.

When an objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded. If all five objectives are attained, the sum total of the five variable portions equals the overall cap of 150%, which the variable remuneration of the Executive Officer cannot exceed.

If an objective is exceeded or not attained, the variable portion is adjusted on a straight line basis within a specified range: the variable portion is subject to an upper limit, and is reduced to zero below a specified threshold. In any event, the sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, which for the Executive Officer is set at 150% of his fixed remuneration.

No deferred annual or multi-year variable remuneration is awarded to the Executive Officer.

The five criteria used to determine the variable portion

On the advice of the Remuneration Committee, since 2010 the Board has attached greater weight to qualitative criteria in the case of the Executive Officer, on the grounds that his performance must be measured by more than just financial results.

The Executive Officer's gross variable remuneration for 2017 is based on the performances of the TF1 and Bouygues groups, measured by reference to significant economic indicators that are stable and relevant over the long term:

- quantitative:
  - criterion P1: change in "consolidated net profit attributable to the Group" for Bouygues (30% of fixed remuneration when the objective is met; captures the financial performances of the entire Bouygues group),
  - criterion P2: variance in TF1 current operating margin relative to the business plan (10% of fixed remuneration when the objective is met; gives the Executive Officer an incentive to improve the financial performances of the TF1 group),
  - criterion P3: variance in "consolidated net profit attributable to the Group" for TF1 relative to the business plan (25% of fixed remuneration when the objective is met; rewards the Executive Officer for Meeting budget commitments),
  - criterion P4: year-on-year change in "consolidated net profit attributable to the Group" for TF1 excluding exceptional items (35% of fixed remuneration when the objective is met; captures growth performance relative to the previous financial year);
- qualitative:
  - criterion P5: this criterion comprises four qualitative sub-criteria (50% of fixed remuneration when the objectives are met).

In 2014, the Remuneration Committee decided that a Corporate Social Responsibility (CSR) criterion would be added to the qualitative criteria.

This criterion is being applied again in 2017, and requires that TF1 retain its place in four extra-financial CSR indices. During 2017, the TF1 group did indeed retain its place in four such extra-financial indices (DJSI, Ethibel, Gaia and Oekom).

Starting in 2017, the Remuneration Committee has decided that if none of the P2, P3 or P4 components were to be payable, the total amount of the P1 and P5 components would be capped at 75% of fixed remuneration, *i.e.* half of the 150% overall cap.

Overall cap

The overall cap for variable remuneration is set at 150% of fixed remuneration.

The variable remuneration awarded to Gilles Pélisson (Executive Officer since 19 February 2016) for 2017 was €1,380,000, or 150% of his fixed remuneration.

For information, the variable remuneration paid to the previous Executive Officer was:

- 2012: 50% of his fixed remuneration;
- 2013: 111% of his fixed remuneration;
- 2014: 150% of his fixed remuneration;
- 2015: 119% of his fixed remuneration.

The variable remuneration paid to the Executive Officer (Gilles Pélisson) was:

- 2016: 55.5% of his fixed compensation, following his decision to waive 50% of his variable remuneration; without that waiver, his variable remuneration have been 115% of his fixed remuneration.

EXCEPTIONAL REMUNERATION

In exceptional circumstances, the Board of Directors reserves the right, after taking advice from the Remuneration Committee, to award an exceptional bonus.

No exceptional remuneration was awarded to Gilles Pélisson for 2017.

DIRECTORS' FEES

The Executive Officer receives and retains Directors' fees paid by TF1.

STOCK OPTIONS AND PERFORMANCE SHARES

The Bouygues Board of Directors may award the Executive Officer options giving entitlement to subscribe for new Bouygues shares.

During 2017, Gilles Pélisson received options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 1 June 2017 following a decision taken by the Bouygues Board of Directors on 16 May 2017.

COMPENSATION FOR ASSUMPTION, CESSATION OR CHANGE OF OFFICE

The Executive Officer is not entitled to compensation or benefits due or potentially due as a result of cessation or change of office, or to any indemnity relating to a non-competition clause.

The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to any salaried Director. Although not a severance benefit as such, in the event of termination of the employment contract of a Director who is an employee of Bouygues SA, that Director would be entitled under the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) to compensation equal to approximately one year's salary.

ANNUAL GENERAL MEETING OF 13 APRIL 2017 – SAY ON PAY

The Annual General Meeting expressed a favourable opinion on the remuneration package awarded to Gilles Pélisson in respect of the 2016 financial year (7th resolution, passed with 91.1% of votes in favour).

The Annual General Meeting also approved the remuneration policy for the Chairman & Chief Executive Officer (principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to Gilles Pélisson, 8th resolution, passed with 83.7% of votes in favour).

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON) IN RESPECT OF THE 2017 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Gilles Pélisson – Chairman and CEO since 19/02/2016 (€)	2017	2016
Remuneration payable for the year (details in Table 2)	2,324,720	1,329,809
Value of options awarded during the year (details in Table 4)	263,736	197,888
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	**2,588,456**	**1,527,697**
Change	+69%	-

TABLE 2 – REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON)

Gilles Pélisson – Chairman and CEO since 19/02/2016 (€)	2017		2016	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	920,000	920,000	797,334(1)	797,334(1)
Change	ns(1)	ns(1)		
Variable remuneration	1,380,000	510,232(2)	510,232(2)	-
Change	ns	ns		
% Variable/Fixed(3)	150%	-	55.5%	-
Cap	150%	-	150%	-
Other remuneration(4)	-	-	-	-
Directors' fees	18,500	18,500	16,023	16,023
Benefits in kind	6,220	6,220	6,220	6,220
TOTAL	**2,324,720**	**1,454,952**	**1,329,809**	**819,577**

(1) Fixed annual remuneration of €920,000, apportioned pro rata over the period during which he held office in 2016.
(2) Gilles Pélisson waived 50% of his variable remuneration for 2016; calculated using the specified criteria, his variable remuneration would have been €1,062,232.
(3) By reference to his fixed annual compensation of €920,000.
(4) Gilles Pélisson received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

For 2017, Gilles Pélisson's remuneration amounted to €2,324,720.

Gilles Pélisson's variable remuneration for 2017 was €1,380,000. Both the quantitative and qualitative criteria were met in full. Payment is suspended pending adoption of the 5th resolution at the Annual General Meeting of 19 April 2018 ("Ex post approval of components of remuneration and benefits paid or awarded to Gilles Pélisson in respect of 2017")

The following factors were taken into account in determining Gilles Pélisson's remuneration:

- the company's performance: the Board took the view that the remuneration was commensurate with the work done and the quality of outcomes. Factors taken into account included growth in Group audience figures; a 2.1% rise in advertising revenue; increases in current operating profit (of €55.9 million or 43.2%) and in net profit attributable to the Group (of €94.4 million); and the 30% rise in the share price during 2017. The TF1 group continued its expansion into production, and firmed up on its digital strategy with the proposal to acquire the aufeminin group;
- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

CHANGES WITH EFFECT FROM THE 2018 FINANCIAL YEAR

The Board of Directors decided at its Meeting of 15 February 2018 that Gilles Pélisson would receive fixed remuneration of €920,000.

The cap on variable remuneration, and the quantitative and qualitative criteria for awarding variable remuneration, are the same as those set in 2017.

SUPPLEMENTARY PENSION

The Board Meeting of 15 February 2017 authorised the award of a supplementary pension to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, with effect from 1 January 2017. Vesting of his supplementary pension rights is subject to certain conditions, which will apply to the defined-benefit collective pension agreement signed by Bouygues. Entitlement to this supplementary pension scheme is acquired only after ten years' service with the Bouygues group. Management of the scheme is contracted out to an insurance company.

The Annual General Meeting of 13 April 2017 approved this commitment (5th resolution, passed with 75.1% of votes in favour).

- Performance conditions

Article 229 of the law of 6 August 2015 on growth requires that vesting of the pension rights of executive officers of listed companies in respect of a given financial year be subject to performance conditions.

Vesting of Gilles Pélisson's annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

- for the 2016 financial year: based on the 2016 annual budget;
- for the 2017 financial year: based on the 2016 and 2017 annual budgets;
- for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
- for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary. The criteria have been met for 2017.

The annual supplementary pension is capped at eight times the annual upper limit for social security contributions; for 2017, that cap is €313,824, which is below the ceiling of 45% of reference salary specified in the AFEP/MEDEF Code).

Entitlement to this supplementary pension scheme is acquired only after ten years' service with the Bouygues group.

The Board of Directors also authorised the re-invoicing by Bouygues to TF1 of the portion of the premium paid to the insurance company in respect of Gilles Pélisson, for a period of one year from 1 January 2017.

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

The Annual General Meeting of 23 April 2003 set the total amount of Directors' fees payable to TF1 Directors at €350,000 annually, leaving it to the Board of Directors to determine how this amount should be allocated.

Directors' fees are allocated as follows:

- the theoretical annual fee for each Director is €18,500. Since 1 January 2014, 70% of the fees have been allocated on the basis of attendance at Board Meetings, and 30% on the basis of the Director's responsibilities;
- Committee members:
  - Audit Committee: €3,000 per member per quarter,
  - Remuneration Committee: €1,350 per member per quarter,
  - Director Selection Committee: €1,350 per member per quarter,
  - Ethics and CSR Committee: €1,350 per member per quarter.

Not all of the €350,000 available for Directors' fees was used in 2017.

The total gross amount of Directors' fees before taxes paid to Directors (including Gilles Pélisson) was €273,450, as indicated in the table below.

TABLE 3 – DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (€)

Non-Executive Director	Type of remuneration	Gross amounts before tax due for 2017	Gross amounts before tax due for 2016
Martin Bouygues	Directors' fees	20,200	20,200
Olivier Bouygues	Directors' fees	18,500	18,500
Fanny Chabirand[(1)] (employee representative)	Directors' fees	23,900	23,900
Laurence Danon Arnaud	Directors' fees	30,500	30,500
Pascaline de Dreuzy	Directors' fees	28,650	20,364
Catherine Dussart	Directors' fees	29,300	29,300
Janine Langlois-Glandier	Directors' fees	23,900	23,900
Sophie Leveaux Talamoni[(1)] (employee representative)	Directors' fees	22,050	23,900
Philippe Marien	Directors' fees	35,900	35,900
Olivier Roussat	Directors' fees	22,050	22,050
TOTAL		**254,950**	**248,514**

(1) Directors' fees due to the employee representative Directors were paid directly to two trade unions: CFTC (€22,050) and FO (€23,900).

No other remuneration was paid to the non-Executive Directors in respect of their corporate office.

The only remuneration paid by TF1 to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien was TF1 Directors' fees.

The salaried Directors, Fanny Chabirand and Sophie Leveaux Talamoni, received no exceptional remuneration in respect of their corporate office in the TF1 group.

Directors' fees paid to the Executive Officer were as follows:

DIRECTORS' FEES PAID TO THE EXECUTIVE OFFICER (GILLES PELISSON)

	Gross amounts before tax due for 2017	Gross amounts before tax due for 2016
Gilles Pélisson	€18,500	€16,023
TOTAL	**€18,500**	**€16,023**

2.3.2 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES FOR 2017

As required by Articles L. 225-184 and L. 225-197-4 of the French Commercial Code.

This chapter contains the reports required by the French Commercial Code and the tables recommended in the AFEP/MEDEF Code of Corporate Governance or in AMF pronouncements on executive remuneration disclosures to be included in the registration documents of listed companies.

During 2017, the Board of Directors awarded stock subscription options and performance shares.

PRINCIPLES AND RULES FOR AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS BY THE ANNUAL GENERAL MEETING

Currently valid authorisations: The 24th resolution of the Annual General Meeting of 13 April 2017 renewed, for a 38-month period, the authorisation of the Board of Directors to award to employees and corporate officers of TF1 or related companies, on one or more occasions, options to subscribe for new or existing shares.

The 17th resolution of the Annual General Meeting of 14 April 2016 authorised the Board of Directors, for a 38-month period, to award to employees and corporate officers of TF1 or related companies, on one or more occasions, performance shares which at the Board's discretion may be either existing shares repurchased by the company or new shares issued for the purpose.

To that end, the Annual General Meeting delegated powers to the Board of Directors to set conditions for making such awards, with a view to linking the remuneration of key executives more closely with the performance and future of the Group and with the outcomes of their work.

The maximum amount of such awards was set at 3% of the share capital.

The 17th and 24th resolutions on stock options and performance share awards stipulate that:

- the Board of Directors determines the conditions, in particular the maximum amount for the awarding of stock options or shares to the Executive Officers, as well as the performance criteria applicable to such awards;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, and determines the performance criteria applicable to such awards.

Under the 24th resolution on stock options, no discount is permitted. Depending on the circumstances:

- the subscription price must be no less than the average quoted share price over the 20 trading days preceding the date of grant;
- the purchase price of shares must be no less than (i) the average quoted share price over the 20 trading days preceding the date of grant or (ii) the average price at which the shares were purchased by the company pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code.

Since 2011, the Board of Directors has granted options entitling their holders to subscribe for new TF1 shares subject to performance conditions. The Board of Directors has decided not to award any TF1 stock options or TF1 performance shares to the Executive Officer.

GENERAL RULES ON AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

The Board of Directors has taken into account the recommendations of the AFEP/MEDEF Code and of the AMF.

The general rules applied are summarised below:

- stock options or performance shares are awarded to attract key executives and employees, secure their loyalty, reward them, and give them a medium- and long-term interest in the company's development, reflecting their contribution to value creation;
- stock option and performance share plans are awarded to approximately 150 corporate officers and employees of TF1 (or of Group companies) who sit on any of the three management bodies. Grantees are selected and individual awards decided so as to reflect each beneficiary's responsibilities and performance, with particular attention paid to high-potential executives;
- no stock options or performance shares are awarded to the Executive Officer (Gilles Pélisson).
- no discount is applied to grants of stock options;
- awards of stock options and performance shares are subject to performance conditions;
- executives who benefit from these plans are informed about insider trading. Various internal rules have been issued to prevent insider trading. These include establishing a list of individuals with access to privileged information, reminders of prohibitions on trading, and information about stock market law. A dedicated compliance programme was approved and distributed during 2015;
- all TF1 stock option plans and TF1 performance share plans prohibit employees who are on the TF1 insiders list from exercising their options, or selling shares derived from exercised options or awarded shares, during the period preceding publication of the financial statements. That period extends for thirty calendar days up to and including the day of publication of the TF1 half-year and full-year financial statements, and for fifteen calendar days up to and including the day of publication of quarterly financial statements. This prohibition also applies during any period in which such persons are aware of privileged information, and on the date of publication of such information;
- options are automatically cancelled on termination of the grantee's employment contract or corporate office, unless given special dispensation or in the event of disability, leave or retirement.

PERFORMANCE CRITERIA APPLICABLE TO STOCK OPTIONS AND PERFORMANCE SHARES AWARDED IN 2017

The following performance criteria determine the number of stock options/performance shares awarded:

- actual consolidated revenue on a constant structure basis versus budget:
  - if actual performance is equal to or better than 95% of the objectives, 100% of the options and performance shares will vest,
  - if actual performance is equal to or better than 85% but less than 95% of the objectives, the options and performance shares will vest up to the actual percentage performance, calculated on a straight line basis,
  - if actual performance is less than 85% of the objectives, no options or performance shares will vest;
- actual ratio of current operating profit to consolidated revenue versus budget, provided that ratio is at least 3%:
  - if actual performance is equal to or better than 90% of the objectives, 100% of the options and performance shares will vest,
  - if actual performance is equal to or better than 75% but less than 90% of the objectives, the options and performance shares will vest up to the actual percentage performance, calculated on a straight line basis,
  - if actual performance is less than 75% of the objectives, no options or performance shares will vest.

Options and performance shares would vest as follows:

- 50% on the basis of the arithmetical average of performances for 2017 and 2018 on a constant structure basis, as compared with the budgets for those years;
- 50% on the basis of the arithmetical average of performances for 2018 and 2019 on a constant structure basis, as compared with the budgets for those years.

Each of the two criteria carries a 50% weight.

SPECIFIC RULES APPLICABLE TO CORPORATE OFFICERS

No stock options or performance shares are awarded to the Executive Officer (Gilles Pélisson).

POLICY ON STOCK OPTIONS AND PERFORMANCE SHARES

Acting on a proposal from the Remuneration Committee, the Board has authorised the use of two forms of long-term incentive plan for key executives.

These plans are intended to:

- keep key executives motivated to deliver growth in revenue and profitability (performance shares);
- foster team spirit by setting collective objectives and giving everyone an interest in sustaining the transformation of TF1 over time;
- build the loyalty of executives over the long term (stock options).

APPLICATION OF PERFORMANCE CONDITIONS

For stock option plan no. 12 (awarded in 2011), 100% of the options have vested. The calculation was made on the basis of the arithmetical average of performances in 2011, 2012 and 2013 on a constant structure basis, as compared with the budgets set in 2010, 2011 and 2012 for the 2011, 2012 and 2013 financial years, respectively.

For plan no. 13 (awarded in 2012), 100% of the options have vested. The calculation was made on the basis of the arithmetical average of performances in 2012, 2013, 2014 and 2015 on a constant structure basis, as compared with the budgets set in 2011, 2012, 2013 and 2014 for the 2012, 2013, 2014 and 2015 financial years, respectively.

For plan no. 14 (awarded in 2015), the performance conditions have been met. 50% of the options have vested on the basis of growth in consolidated revenue and 50% on the basis of the ratio of current operating profit to consolidated revenue. The calculation was made on the basis of the arithmetical average of performances in 2015, 2016 and 2017 on a constant structure basis, as compared with the budgets set in 2014, 2015 and 2016 for the 2015, 2016 and 2017 financial years, respectively.

For stock option plan no. 15 (awarded in 2016) and the performance share plan awarded in 2016, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2016 and 2017 financial years on a constant structure basis as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years on a constant structure basis versus the budgets set for those financial years. Performances for the 2016, 2017 and 2018 financial years will be assessed on a constant structure basis by reference to the budgets set in 2015, 2016 and 2017 for the 2016, 2017 and 2018 financial years, respectively.

For plan no. 16 and the performance share plan awarded in 2017, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years on a constant structure basis, as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2018 and 2019 financial years on a constant structure basis as compared with the budgets set for those financial years. Performances for the 2017, 2018 and 2019 financial years will be assessed on a constant structure basis by reference to the budgets set in 2016, 2017 and 2018 for the 2017, 2018 and 2019 financial years, respectively.

Vesting of the stock options and performance shares will be determined by reference to two criteria, each carrying a 50% weight:

1) Actual consolidated revenue on a constant structure basis versus budget
   - If actual performance is equal to or better than 95% of the objectives:
     - 100% of the stock options and 100% of the performance shares would vest;
   - If actual performance is equal to or better than 85% but less than 95% of the objectives:
     - the options and performance shares would vest up to the actual percentage performance, calculated on a straight line basis;
   - If actual performance is less than 85%:
     - no options or performance shares would vest;
2) Actual ratio of current operating profit to consolidated revenue (versus budget), provided that ratio is at least 3%:
   - If actual performance is equal to or better than 90% of the objectives:
     - 100% of the stock options and 100% of the performance shares would vest;
   - If actual performance is equal to or better than 75% but less than 90% of the objectives:
     - the options and performance shares would vest up to the actual percentage performance, calculated on a straight line basis;
   - If actual performance is less than 75%:
     - no options or performance shares would vest.

The Remuneration Committee will examine the performance criteria on which vesting of the stock options and performance shares is contingent.

GENERAL INFORMATION AND CHARACTERISTICS OF STOCK OPTIONS

Terms and period of exercise: see Table 8.

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED IN 2017

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED DURING THE YEAR

Options giving entitlement to subscribe for TF1 shares were awarded in 2017. See Table 8.

On 27 April 2017, the Board of Directors approved the granting on 12 June 2017 of 710,400 options, equivalent to 0.3% of the share capital, to 119 grantees from the TF1 group.

The exercise price of €11.45 per share is the average of the quoted market prices on the 20 trading days preceding 12 June 2017.

On the date of grant, the value of each option (as measured using the method applied for the purposes of the consolidated financial statements) was €1.85.

Gilles Pélisson was not awarded any stock subscription options.

During 2017, a total of 448,200 options were exercised, under plan no. 12 and plan no. 13. The exercise price was €12.47 for plan no. 12 and €6.17 for plan no. 13. No discount was applied.

As of 31 December 2017, the only potentially exercisable TF1 stock subscription options were those granted under plan no. 13 (661,083 options, equivalent to 0.3% of the share capital) and under plan no. 12 (1,032,800 options, equivalent to 0.5% of the share capital).

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY THE EXECUTIVE OFFICER DURING THE YEAR

Gilles Pélisson was not awarded any options to purchase or subscribe for TF1 shares in 2017.

In connection with the office he holds at Bouygues, Gilles Pélisson received during 2017 options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 1 June 2017 following a decision taken by the Bouygues Board of Directors on 16 May 2017.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE OFFICER IN 2017

Name of Executive Officer	Plan no. and date	Type of option (purchase or subscription)	Value of option based on method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Gilles Pélisson	Bouygues plan Board Meeting date: 16/05/2017 Date of grant: 01/06/2017	Subscription	€3.2967	80,000	€37.99	01/06/2017 to 01/06/2027
TOTAL			**€263,736**	**80,000**		

The exercise price was calculated on the basis of the average of the opening quoted market prices on the twenty trading days preceding 1 June 2017; no discount was applied.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE OFFICER OF TF1 IN 2017

The Executive Officer (Gilles Pélisson) did not exercise any stock subscription options in 2017.

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY SALARIED DIRECTORS DURING THE YEAR

Options granted to salaried Directors in 2017 were as follows:

Name of salaried Director	Plan no. and date	Type of option (purchase or subscription)	Number of options granted/exercised during the year	Exercise price
Sophie Leveaux Talamoni	Plan no. 16 Board Meeting date: 27/04/2017 Date of grant: 12/06/2017	Subscription	13,000	€11.45
TOTAL			**13,000**	

During 2017, Sophie Leveaux Talamoni exercised 12,800 stock subscription options under plan no. 13. Plan no. 13 has an exercise price of €6.17.

PERFORMANCE SHARES

A performance share plan was awarded in 2017.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

No performance shares were awarded by TF1 to the Executive Officer (Gilles Pélisson) in 2017.

TABLE 7 – PERFORMANCE SHARES THAT BECAME AVAILABLE TO THE EXECUTIVE OFFICER DURING THE YEAR

No performance shares became available as none has been awarded by the company to the Executive Officer (Gilles Pélisson).

PAST STOCK OPTION AWARDS AND OTHER INFORMATION

TABLE 8 – PAST STOCK OPTION AWARDS

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	Plan no. 16
Date of Shareholders' Meeting	14/04/2011	14/04/2011	17/04/2014	17/04/2014	13/04/2017
Date of Board Meeting	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	27/04/2017
Date of grant	10/06/2011	12/06/2012	12/06/2015	08/06/2016	12/06/2017
Type of plan	subscription	subscription	subscription	subscription	subscription
Total number of options granted	1,500,000	1,437,200	1,308,800	642,000	710,400
- to corporate officers	*7,200*	*7,200*	*16,000*	*0*	*13,000*
- to the 10 employees awarded the greatest number	*272,000*	*302,000*	*368,000*	*114,000*	*118,000*
Total number of options granted subject to performance conditions	1,500,000	1,437,200	1,308,800	642,000	710,400
Start date of exercise period	10/06/2015	12/06/2016	12/06/2018	08/06/2019	12/06/2020
Expiration date	10/06/2018	12/06/2019	12/06/2022	08/06/2023	12/06/2024
Subscription price	€12.47	€6.17	€15.46	€10.99	€11.45
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 3rd anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant
Number of shares subscribed at 31 December 2017	274,400	603,717	-	-	-
Cumulative number of options cancelled, not awarded, or forfeited	192,800	172,400	86,100	32,500	9,900
Number of options outstanding at end of period	1,032,800	661,083	1,222,700	609,500	700,500

For an analysis of the movement in the number of options outstanding, refer to Note 7-4-6-2 to the TF1 consolidated financial statements for the year ended 31 December 2017. The expense recognised for the stock subscription option plans granted by TF1 is presented in Note 7-4-6-3 to the consolidated financial statements. The value per option on the date of grant, calculated according to the Black-Scholes model, is €1.18 (plan no. 12), €0.70 (plan no. 13), €2.75 (plan no. 14), €2.15 (plan no. 15) and €1.85 (plan no. 16).

Past plans that have now lapsed are: stock option plan no. 10 (lapsed 20 March 2015) and stock option plan no. 11 (lapsed 20 March 2016).

PAST PERFORMANCE SHARE AWARDS AND OTHER INFORMATION

TABLE 8 – PAST PERFORMANCE SHARE AWARDS

	2016 performance shares	2017 performance shares
Date of Shareholders' Meeting	14/04/2016	14/04/2016
Date of Board Meeting	26/04/2016	27/04/2017
Date of grant	08/06/2016	12/06/2017
Type of shares	new shares to be issued	new shares to be issued
Maximum number of shares awarded	170,000	172,000
to corporate officers	*0*	*0*
to the 10 employees awarded the most shares	*maximum: 79,600*	*80,500*
Vesting period	08/06/2016 to 07/06/2019	12/06/2017 to 11/06/2020
Lock-up period	08/06/2019 to 07/06/2020	12/06/2020 to 11/06/2021
Date available for sale	From 08/06/2020	From 12/06/2021
Fair value of award (based on estimate at date of grant of the number of shares likely to vest)	€1.9 million	€2.0 million
Continuing employment condition	Yes	Yes
Performance conditions	Yes	Yes
Number of shares vested as of 31 December 2016	-	-
Number of shares cancelled or forfeited	9,900	-
Number of shares not yet vested	160,100	172,000

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AWARDED THE MOST OPTIONS IN 2017

	Total number of options awarded/shares subscribed or purchased	Weighted average price (€)	Expiry date	Plan no.
Options awarded during the year by TF1 (or any company within the scope of companies entitled to award options) to the ten employees of TF1 (or of any company within that scope) awarded the most options				
Romain Bessi	13,000	11.45	12/06/2021	16
Marie Guillaumond	13,000	11.45	12/06/2021	16
Christophe Marx	13,000	11.45	12/06/2021	16
Mathieu Vergne	13,000	11.45	12/06/2021	16
Philippe Balland	10,000	11.45	12/06/2021	16
Frédéric Pedraza	10,000	11.45	12/06/2021	16
Santiago Casariego	9,000	11.45	12/06/2021	16
Stéphane Eveillard	9,000	11.45	12/06/2021	16
Antoine Guelaud	9,000	11.45	12/06/2021	16
Sylvie Le Meignen (Delalande)	9,000	11.45	12/06/2021	16
Options exercisable vis-à-vis TF1 (or any other company as mentioned above) and exercised during the year by the ten employees of TF1 (or any other company as mentioned above) purchasing or subscribing for the highest number of shares				
Régis Ravanas	24,000	6.17	12/06/2019	13
Céline Nallet	16,000	6.17	12/06/2019	13
Elisabeth Durand Bernand	16,000	12.47	10/06/2015	12
Elisabeth Durand Bernand	8,000	6.17	12/06/2019	13
Sébastien Frapier	16,000	6.17	12/06/2019	13
Christophe Marx	16,000	6.17	12/06/2019	13
Jean-Michel Gras	12,800	6.17	12/06/2019	13
Philippe Denery	12,000	6.17	12/06/2019	13
Fabrice Mollier	9,600	6.17	12/06/2019	13
Jean Christophe Lomenede	7,200	6.17	12/06/2019	13
Anne-Sophie Kristoffy	6,000	6.17	12/06/2019	13

TABLE 10 – PAST PERFORMANCE SHARE PLANS AWARDED

Performance shares awarded during the year by TF1 (or any company within the scope of companies entitled to award performance shares) to the ten employees of TF1 (or of any company within that scope) awarded the most performance shares

Name	Number of performance shares awarded in 2017	Vesting date	Number of performance shares awarded in 2016	Vesting date
Ara Aprikian	10,000	11/06/2020	10,000	07/06/2019
Régis Ravanas	10,000	11/06/2020	10,000	07/06/2019
Olivier Abecassis	8,500	11/06/2020	8,500	07/06/2019
Philippe Denery	8,500	11/06/2020	8,500	07/06/2019
Catherine Nayl Perrot	8,500	11/06/2020	8,500	07/06/2019
Arnaud Bosom	7,500	11/06/2020	7,500	07/06/2019
Jean-Michel Counillon	7,500	11/06/2020	7,500	07/06/2019
Christine Bellin	7,000	11/06/2020	6,500	07/06/2019
Frédéric Ivernel	6,500	11/06/2020	6,500	07/06/2019
Fabrice Bailly	6,000	11/06/2020	5,400	07/06/2019

2.3.3 OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER

TABLE 11 – OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER

	Employment contract		Supplementary pension scheme(1)		Compensation or benefits due or liable to become due on cessation or change of office(3)		Non-competition indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Pélisson	X(3)		X(2)			X(4)		X

(1) See the "Supplementary Pension" section of section 2.3.1 above. The annual supplementary pension entitlement is set at 0.92% of the reference salary (average of three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions (2017 value of the cap: €313,824). This pension scheme is closed, and membership is obligatory. Entitlement is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which takes the form of an insurance policy with an insurer from outside the Group. This annual supplementary pension has been subject to the approval procedure for related party agreements.

(2) See section 2.3.1. The Annual General Meeting of 13 April 2017 approved the supplementary pension awarded to Gilles Pélisson with 75% of the votes cast. Subject to certain conditions, Gilles Pélisson will be entitled to benefit from a supplementary pension scheme on his retirement. This supplementary pension scheme is subject to performance conditions. Vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

– for the 2016 financial year: based on the 2016 annual budget;
– for the 2017 financial year: based on the 2016 and 2017 annual budgets;
– for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
– for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

(3) Gilles Pélisson has an employment contract with Bouygues SA, and not with TF1 SA.

(4) Severance benefits: The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to the Executive Officer. Nor has any such commitment or promise been made to the salaried Directors of Bouygues. Although not a severance benefit as such, a Director who is an employee of Bouygues SA is covered by the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.

2.4 REPORT ON THE COMPONENTS OF REMUNERATION PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2018

The Board of Directors closed off and approved this report at its Meeting of Thursday 15 February 2018.

2.4.1 GENERAL PRINCIPLES

The Board of Directors has determined nine general principles on the basis of which the 2018 remuneration and benefits of the Chairman and Chief Executive Officer of TF1 will be determined.

1) Compliance with AFEP/MEDEF Code recommendations.
2) No severance benefit or non-competition indemnity on leaving office.
3) Level of remuneration that takes into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
4) Remuneration commensurate with the level and difficulty of the Executive Officer's responsibility. Remuneration commensurate with the Executive Officer's experience in the position held and his length of service with the Group.
5) Remuneration that takes account of the practices applied in groups or enterprises carrying on comparable activities.
6) An incentivising remuneration structure comprising the following:
   - fixed remuneration;
   - annual variable remuneration;
   - Directors' fees;
   - limited benefits in kind;
   - supplementary pension.
7) No deferred annual variable remuneration. No multi-year variable remuneration.
8) Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.
9) No additional remuneration paid to the Executive Officer by any Group subsidiary apart from Directors' fees.

2.4.2 CRITERIA USED IN 2018 BY THE BOARD OF DIRECTORS TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS OF THE EXECUTIVE OFFICER

FIXED REMUNERATION:

€920,000

ANNUAL VARIABLE REMUNERATION

A maximum of 150% of fixed remuneration, *i.e.* capped at €1,380,000.

The annual variable remuneration would be determined by applying five criteria (four of them referring to the three-year business plan), opening up the possibility of the Executive Officer receiving five variable components: P1, P2, P3, P4 and P5.

P1 Actual consolidated net profit (CNP) of the Bouygues group for the financial year/Objective = CNP per the 2018 plan

P2 Actual current operating margin of TF1 for the financial year/Objective = current operating margin per the 2018 plan

P3 Actual consolidated net profit (CNP) of TF1 for the financial year/Objective = CNP per the 2018 plan

P4 Actual consolidated net profit (CNP) of TF1 excluding exceptional items for the financial year/Objective = CNP for the 2017 financial year

P5 Qualitative criteria

METHOD USED TO DETERMINE ANNUAL VARIABLE REMUNERATION FOR 2018

The method for determining the annual variable remuneration of the Executive Officer will be the following:

(FR = Fixed Remuneration)

P1, P2, P3 and P4

The effective weight of each criterion used to determine each variable portion awarded (P1, P2, P3 and P4) reflects the actual performance achieved during the year.

Each variable portion (P) is calculated as follows:

1) If actual performance is more than 10% below the Objective, the component concerned (P1, P2, P3 or P4) = 0
2) If actual performance is between (Objective – 10%) and the Objective:

P1 = 0% to 30% of FR
P2 = 0% to 10% of FR
P3 = 0% to 25% of FR
P4 = 0% to 35% of FR

3) If actual performance is higher than the Objective:

P1 = 30% to 60% of FR
P2 = 10% to 20% of FR
P3 = 25% to 50% of FR
P4 = 35% to 70% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

P5

The Board of Directors determines the effective weight of P5, subject to a strict cap of 50% of FR.

Cap

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed **a cap of 150% of FR.**

Where none of the three components P2, P3 and P4 is payable, the total amount of components P1 and P5 may not exceed a cap of 75% of the fixed remuneration.

DIRECTORS' FEES

Directors' fees paid by a subsidiary of the Group would be retained by the Executive Officer.

BENEFITS IN KIND

The Executive Officer would be allocated a company car.

SUPPLEMENTARY PENSION SCHEME

The Executive Officer would be eligible for a defined-benefit collective pension scheme governed by Article L. 137-11 of the French Social Security Code. This pension scheme would have the following characteristics:

1) pension rights that vest each year and are capped at 0.92% of the reference salary;
2) conditions for joining the scheme and other eligibility conditions whereby the beneficiary must:
   - be a member of the Bouygues SA Management Committee on the date of retirement or leave,
   - have at least ten years' service with the Bouygues group at the date of retirement or leave,
   - have definitively ended his professional career at a Group company (this condition is fulfilled when the employee is part of the workforce at the date of leave or retirement),
   - be at least 65 years old at the date of retirement or leave,
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC) and close it down;
3) reference salary equal to the average gross salary for the three best calendar years received by the Executive Officer within the Bouygues group during his period of membership of the Bouygues Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme on the date of cessation of corporate office or of the termination of his contract of employment.

   The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the French Social Security Code;
4) frequency of vesting of rights: annual;
5) cap: 8x the annual upper limit for Social Security contributions (cap of €313,824 in 2017);
6) funding is contracted out to an insurance company, to which an annual contribution is paid;
7) performance criteria

   a) Definition of the performance objective ("the Objective")

   - 2018 financial year: Objective = that the average of TF1 consolidated net profit figures for the 2016, 2017 and 2018 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plans for those three financial years ("Plan Average");
   - Each subsequent financial year: objective = that the average of TF1's consolidated net profit figures for the financial year then ended and the two financial years that preceded it ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

   b) Terms for determining the vesting of pension rights based on performance

   - if the Average CNP meets the Objective: **Annual pension rights = 0.92% of the reference salary**;
   - if the Average CNP is more than 20% below the Plan Average: **Annual pension rights = 0**.

Between those lower and upper limits pension rights will vary on a straight-line basis between 0% and 0.92% of the reference salary.

3

2017 ACTIVITY AND RESULTS AFR

3.1 KEY EVENTS

JANUARY

12 January 2017

The TF1 group takes a 6.1% equity stake in Studio71, a subsidiary of ProsiebenSat.1 and the no. 3 MCN worldwide with over 6 billion video views per month.

23 January 2017

TF1 completes the acquisition of a majority stake in MinuteBuzz.

FEBRUARY

6 February 2017

The Newen group acquires a majority stake in Tuvalu Media Group, the leading independent producer in the Netherlands.

21 February 2017

The TF1 group takes a minority stake in Play Two, a new independent producer of music, concerts, live shows and records.

MARCH

31 March 2017

TF1 completes the sale of its 33.5% stake in Groupe AB to Mediawan SA.

APRIL

10 April 2017

The TF1 Group launches the second season of its start-up incubation programme.

MAY

12 May 2017

The TF1 channel signs an agreement with the media sales agency Transfer, under which Transfer will sell airtime in Belgium.

JUNE

9 June 2017

The media groups TF1, Mediaset (Spain and Italy) and ProSiebenSat.1 create European Broadcaster Exchange (EBX) to offer pan-European video campaigns in a 100% brand safe, premium environment.

23 June 2017

Studio71 France is to launch in September as part of the pan-European digital alliance between the TF1 group and the ProSiebenSat.1 group around Studio71. The launch of Studio71 France marks a step change in the TF1 group's drive to enhance its premium content offering on digital platforms.

JULY

29 July 2017

This being the expiry date of the contracts, and in the absence of any agreement with the TF1 group, Numericable-SFR is no longer authorised to exploit commercially MYTF1 or the TF1 group's unencrypted channels. As a result, the TF1 group was no longer in a position to supply the MYTF1 catch-up service to Numericable-SFR, and required Numericable-SFR to cease commercial exploitation of the TF1, TMC, NT1, HD1 and LCI channels.

SEPTEMBER

13 September 2017

Formula 1® enters into a multi-year agreement with TF1 for the exclusive rights to show full unencrypted coverage of four Grands Prix. The agreement will take effect at the start of the 2018 championship.

28 September 2017

With effect from 1 October, Thierry Thuillier is appointed as the TF1 group's Executive Vice President of News, and joins the Executive Committee.

OCTOBER

12 October 2017

Discovery Communications chooses TF1 Publicité to sell and promote advertising space on its theme channels (Eurosport and Discovery) and digital platforms in France. The agreement takes effect on 1 January 2018.

NOVEMBER

6 November 2017

The TF1 group signs its first global distribution agreement, including the TF1 Premium offer and add-on services, with Altice-SFR.

14 November 2017

The TF1 group announces the arrival of Channel 4 as the fourth partner in the European Broadcaster Exchange (EBX) digital media sales agency, and the appointment of Chris Le May as CEO.

16 November 2017

The Canal Plus Group acquires Pay-TV rights to the entire 2019 FIFA Women's World Cup from the TF1 Group.

DECEMBER

5 December 2017

RAISE and the TF1 group announce the launch of RAISE M4E, a media for equity investment company dedicated to startups.

12 December 2017

Announcement of a binding offer for the TF1 group to acquire the majority interest held by the Axel Springer group (78.4% of the capital) in the aufeminin group. Closing of the deal could occur during the first half of 2018.

3.2 2017 ACTIVITY AND RESULTS

The results shown below are presented using the segmental reporting structure adopted by the TF1 group. For definitions of those segments, see the condensed consolidated financial statements.

3.2.1 TF1 GROUP

These key figures are extracted from TF1 Group consolidated financial data.

CONSOLIDATED RESULTS

(€m)	2017	2016
Revenue	**2,124.9**	**2,062.7**
Group advertising revenue	*1,561.7*	*1,530.1*
Revenue from other activities	*563.2*	*532.6*
Current operating profit/(loss)	**185.3**	**129.4**
Operating profit/(loss)	**162.0**	**45.7**
Net profit/(loss) attributable to the Group from continuing operations	**136.1**	**41.7**
Operating cash flow before cost of net debt and income taxes	372.3	267.5
Basic earnings per share from continuing operations *(€)*	0.65	0.20
Diluted earnings per share from continuing operations *(€)*	0.65	0.20
Shareholders' equity attributable to the Group	1,581.9	1,493.4
Net surplus cash of continuing operations	256.7	186.7

Consolidated revenue for the year ended 31 December 2017 was €2,124.9 million, up €62.2 million year-on-year, comprising:

- advertising revenue of €1,561.7 million, up €31.6 million (+2.1%) on 2016;
- revenue from other activities of €563.2 million, up €30.6 million (+5.7%) year-on-year.

ANALYSIS OF COST OF PROGRAMMES

(€m)	2017	2016*
Total cost of programmes	**983.9**	**1,006.6**
Major sporting events	0.0	46.1
Total excluding major sporting events	**983.9**	**960.5**
Variety/Gameshows/Magazines	273.9	269.5
Drama/TV movies/Series/Plays	325.2	312.1
Sports (excluding major sporting events)	59.2	49.0
News	142.5	140.7
Films	169.0	174.1
Children's programmes	14.2	15.1

* *The cost of programmes published for 2016 was €1,032 million, including €25.4 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €1,006.6 million.*

The cost of programmes includes the cost of LCI programmes with effect from that channel's switchover to freeview in April 2016.

COST OF PROGRAMMES – ANALYSIS BY TYPE FROM THE INCOME STATEMENT

(€m)	2017	2016
Purchases consumed and changes in inventory	(787.8)	(819.9)
Staff costs	(81.1)	(78.3)
External expenses	(23.2)	(21.7)
Depreciation, amortisation, impairment and provisions, net	(89.6)	(90.0)
Others IFRS income statement line items	(2.2)	3.3
Amount recognised in current operating profit	**(983.9)**	**(1,006.6)**

The cost of programmes for the TF1 group's five unencrypted channels, in the absence of any major sporting events, showed year-on-year savings of €22.7 million and a total of €983.9 million in 2017. These figures include controlled reinvestment in the DTT channels to support the multi-channel strategy.

CURRENT OPERATING PROFIT/(LOSS)

Full-year current operating profit reached €185.3 million in 2017, compared with €129.4 million a year earlier, an increase of €55.9 million. This mainly reflects:

- the effects of the multi-channel strategy and the transformation of the Group;
- a saving of €22.7 million on the cost of programmes, including the absence of major sporting events (or a saving of €36.9 million, net of replacement programmes);
- recurring savings of €27 million under the *Recover* plan.

Operating margin rose by 2.4 points to 8.7%, compared with 6.3% a year earlier.

OPERATING PROFIT/LOSS

The Group posted an operating profit of €162.0 million, after charging €23.3 million of non-current expenses related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

NET PROFIT/(LOSS)

Net profit attributable to the Group amounted to €136.1 million. As well as net profit from operations, this also includes gains on the divestment of equity interests in Groupe AB and Teads; a tax gain from the reimbursement of the 3% levy on dividends; and an exceptional corporate income tax contribution related to changes in the tax rate at the end of the year.

FINANCIAL POSITION

Shareholders' equity attributable to the Group was €1,581.9 million as of 31 December 2017, out of a balance sheet total of €3,390.3 million.

The gross cash position as of 31 December 2017 was €495.5 million (up €76.2 million on the previous year-end) after the dividend payout of €58.6 million, the cash outflow on the acquisition of equity interests in Tuvalu and Studio71, and the proceeds from the divestment of equity interests in Groupe AB and Teads.

The net cash position as of 31 December 2017 was €256.7 million, after taking account of the net debt carried by Newen Studios and options to buy out minority interests.

As of 31 December 2017, the Group had confirmed bilateral credit facilities of €1,015 million with various banks. Drawdowns under those facilities at that date amounted to €108 million, all of which related to the Newen facility. Credit facilities are renewed regularly as each facility reaches its contractual expiry date so that the Group always has sufficient liquidity.

SHAREHOLDER RETURNS

To reward investors, the Board of Directors will ask the Annual General Meeting, scheduled for 19 April 2018, to approve a dividend of €0.35 per share.

The ex-date will be 30 April, the date of record will be 2 May, and the payment date will be 3 May 2018.

INCOME STATEMENT CONTRIBUTIONS – CONTINUING OPERATIONS

(€m)	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016	Chg.	Chg.%
Broadcasting	**404.1**	**389.4**	**451.3**	**448.7**	**330.7**	**323.3**	**527.5**	**508.5**	**1,713.6**	**1,669.9**	**43.7**	**2.6%**
TV advertising on unencrypted channels	*348.0*	*341.3*	*397.2*	*394.9*	*284.4*	*279.7*	*450.9*	*439.4*	*1,480.5*	*1,455.3*	*25.2*	*1.7%*
Other revenues	*56.1*	*48.1*	*54.1*	*53.8*	*46.3*	*43.6*	*76.6*	*69.1*	*233.1*	*214.6*	*18.5*	*8.6%*
Studios & Entertainment	**94.8**	**92.5**	**86.5**	**94.6**	**99.2**	**78.2**	**130.8**	**127.5**	**411.3**	**392.8**	**18.5**	**4.7%**
Consolidated revenue	**498.9**	**481.9**	**537.8**	**543.3**	**429.9**	**401.5**	**658.3**	**636.0**	**2,124.9**	**2,062.7**	**62.2**	**3.0%**
Cost of programmes	**(233.5)**	**(232.4)**	**(248.7)**	**(265.4)**	**(211.7)**	**(218.7)**	**(290.0)**	**(290.1)**	**(983.9)**	**(1,006.6)***	**22.7**	**-2.3%**
Broadcasting	**26.6**	**4.9**	**64.9**	**33.1**	**(8.0)**	**(16.5)**	**59.8**	**66.0**	**143.3**	**87.5**	**55.8**	**63.8%**
of which Free Platforms	*13.9*	*(3.5)*	*51.9*	*21.6*	*(17.7)*	*(25.6)*	*47.6*	*52.7*	*95.7*	*45.2*	*50.5*	*x2.1*
Studios & Entertainment	**9.7**	**9.9**	**6.4**	**9.6**	**15.9**	**5.6**	**10.0**	**16.8**	**42.0**	**41.9**	**0.1**	**0.2%**
CURRENT OPERATING PROFIT/(LOSS)	**36.3**	**14.8**	**71.3**	**42.7**	**7.9**	**(10.9)**	**69.8**	**82.8**	**185.3**	**129.4**	**55.9**	**43.2%**

* *The cost of programmes published for 2016 was €1,032 million, including €25.4 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €1,006.6 million.*

BROADCASTING

Revenue *(€m)*	2017	2016	Change
Unencrypted channels	**1,543.8**	**1,517.1**	**+26.7**
TV advertising on unencrypted channels	1,480.5	1,455.3	+25.2
other revenue	63.3	61.8	+1.5
Other platforms and related activities	**169.8**	**152.8**	**+17.0**
BROADCASTING	**1,713.6**	**1,669.9**	**+43.7**

UNENCRYPTED CHANNELS

Advertising revenue

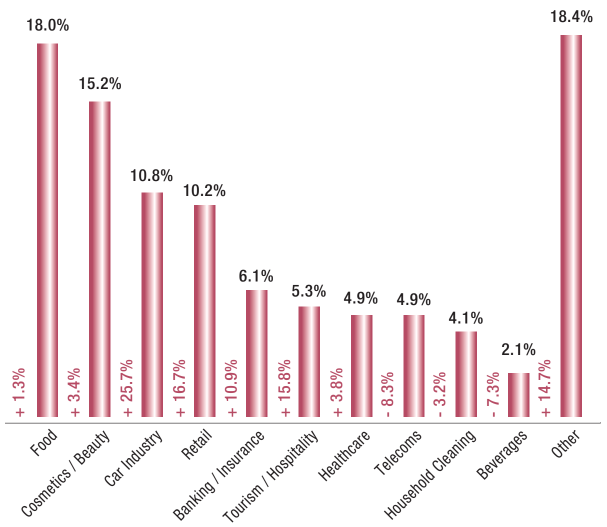
Over 2017 as a whole, the TF1 group's unencrypted channels reported an 8.1% year-on-year increase in gross revenue.

Trends in gross advertising spend (excluding sponsorship) for those channels by sector during 2017 are shown in the chart opposite.

Advertising revenue from the TF1 group's five unencrypted channels amounted to €1,480.5 million (+1.7% year-on-year), contributing 69.7% of consolidated revenue.

The Group's DTT channels saw further growth thanks to strong audience figures, especially among advertising targets.

The top line was also boosted by very good sponsorship revenue, following regulatory changes at the start of the year.



Source: Kantar Média, 2017 vs. 2016.

Current operating profit

Current operating profit for the Broadcasting segment reached €143.3 million, up €55.8 million year-on-year. The contribution from unencrypted channels rose by €50.5 million thanks mainly to increased advertising revenue, savings on the cost of programmes in the absence of any major sporting events, and cost savings achieved under the *Recover* plan.

Unencrypted channels – market review

Average daily TV viewing time during 2017 among individuals aged 4+ remained high at 3 hours 42 minutes, 1 minute less than a year previously. Viewing time for catch-up and recordings increased by 1 minute year-on-year, while live viewing time fell by 2 minutes over the same period.

These figures do not include time spent watching live or catch-up television on other devices (computers, tablets, smartphones, etc.), or outside the home on any device.

Unencrypted channels – audience ratings

In this highly competitive environment the TF1 group is forging ahead with its multi-channel strategy while keeping the cost of programmes under control.

The TF1 group was France's leading private-sector broadcaster over 2017 as a whole, with its five unencrypted channels having a combined audience share of 27.7% among individuals aged 4+ (+0.3 of a point year-on-year).

As part of its ongoing multi-channel strategy, the TF1 group has developed editorial offerings to appeal to all audience types, enabling the Group to expand its audience and become the most-watched channel among all key target groups:

- 32.3% audience share of W<50PDM (+0.2 of a point year-on-year);
- 29.2% audience share of 25-49 year-olds (+0.3 of a point year-on-year);
- 26.3% audience share of ABC1s (+0.5 of a point year-on-year).

The Group's strategic approach to the access prime time slot, involving a radical transformation of the offering to address complementary audience groups, has paid off:

- On TF1: *The Wall* in the first half of 2017, followed by *Demain nous appartient* since July, were seen as a bold move in the industry and proved a success as the channel returned to the no. 1 slot among W<50PDM in access prime time;
- On TMC: *Quotidien* has continued to grow audiences during season 2, and since the 2017 back-to-school period has been the most watched talk show in access prime time;
- On LCI: the arrival of David Pujadas to anchor the news channel's 6pm-8pm slot has been a success;
- On TFX: the original reality TV franchises *La villa des cœurs brisés* and *10 couples parfaits* attracted strong ratings;
- On TF1 Séries Films: the American series offering has proved popular with women viewers.

The access prime time offering attracted an average of 3.8 million viewers in the 6pm-8pm slot, making the Group the very clear leader among W<50PDM with a 30.9% audience share.

TF1

With its 22.1% share of the target W<50PDM audience and 20.0% of individuals aged 4+, the TF1 core channel confirmed its market leadership in 2017 with its enduring range of must-see and general-interest programmes.

The channel attracted the top 19 TV audiences of the year, including the most-watched show of 2017: the *Mission Enfoirés* concert with 10.6 million viewers. The channel also posted 84 of the top 100 audiences for 2017, and was the only channel to achieve top 100 ratings across all programme genres (News, Sport, French Drama, Entertainment, Movies and American Series).

- **French Drama:** This genre had the most entries in the top 100, with around thirty programmes. TF1 led with a bold, ambitious and diverse range of must-see prime time drama (*Le tueur du lac* with 7.2 million viewers, *Coup de foudre à Noël*, *Mention Particulière*, *La Mante*), alongside established franchises that performed very well (*Section de Recherches* with 7.3 million viewers, *Alice Nevers*, *Clem*, *Camping Paradis*).
- **News:** TF1 set the pace in coverage of the French presidential elections. The channel posted the year's biggest audience in the News category as 9.9 million viewers tuned in for the *Great Presidential Debate*. This was followed up in the back-to-school period when the *1st televised interview with President Macron* attracted 9.5 million viewers. TF1 also strengthened its leadership in special events, such as the coverage of the *Johnny Hallyday funeral ceremony*, where the channel was undisputed leader with 7 million viewers.

  News and current affairs programmes remain well ahead of rival channels: up to 6.9 million viewers for the weekday *Evening bulletin*, 7.8 million for the weekend *Evening bulletin* and 6.9 million for the *Lunchtime bulletin*, and in current affaires up to 5.5 million for *Grands Reportages* and 4.7 million for *Sept à Huit*.
- **Sport:** TF1 attracted the biggest sport audience of 2017 for the final of the World Handball championship, with 8.7 million viewers. The final of the Women's World Handball championship also proved popular, with 4.3 million viewers.

  The channel also achieved record audiences for football World Cup qualifiers featuring the French national team (8.1 million viewers for the match against Luxembourg).
- **Entertainment:** TF1 was the only French channel to get any entertainment shows into the top 100. *Ninja Warrior* saw a sharp rise in ratings for season 2 (600,000 more viewers than in season 1, 35% audience share of W<50PDM), alongside the flagship franchises *Koh Lanta*, *The Voice* (up to 8.1 million viewers) and *Danse avec les Stars*.

  One-off special evening shows also achieved very high ratings: *Mission Enfoirés*, *Miss France* (7.6 million viewers), and the *NRJ Music Awards* (5.2 million viewers).

  It was also a record year for *Les 12 coups de midi* (3.4 million viewers), and the prime-time spin-off shown on 23 December (5.2 million viewers).
- **Movies:** The *Ciné Dimanche* Sunday movie slot achieved high ratings, with French comedies a big hit (*Bienvenue chez les Ch'tis*: biggest movie audience of the year with 8.8 million viewers).

DTT channels

Over 2017 as a whole the TF1 group's DTT arm, comprising the TMC, TFX, TF1 Séries Films and LCI channels, retained its market leadership and achieved the strongest growth among target audiences. It had a combined audience share of 10.2% among W<50PDM (+0.5 of a point year-on-year) and 9.3% among 25-49 year-olds (+1.0 point year-on-year).

TMC

2017 confirmed the success of the rebranding of TMC, France's premium DTT channel.

TMC took 6 of the top 10 slots in DTT audience ratings, including the no. 1 slot when the channel scored an all-time high for a DTT channel with the semi-final of the World Handball Championship between France and Sweden (4.7 million viewers).

Over 2017 as a whole, TMC took a record 4.2% audience share of 25-49 year-olds and ABC1s, also registering the strongest growth among these target groups.

TMC also adopted a winning strategy in major sporting events, including the France-Paraguay football friendly (3.1 million viewers), the France-All Blacks rugby test match (1.9 million viewers) and the semi-final of the Women's World Handball Championship between France and Sweden (1.2 million viewers).

Meanwhile, *Quotidien* has become the most-watched DTT access prime time talk show, attracting 1.4 million viewers since the back-to-school period (200,000 more than a year previously) and an audience share of 10.4% of 25-49 year-olds and 12.0% of ABC1s. The *Quotidien* talent pool is also making an impact in prime time with the success of documentaries fronted by Martin Weill (0.9 million viewers).

Finally, TMC's movie offering has the best pulling power of any on DTT, including the year's biggest audience for La *7ème Compagnie* (2.3 million viewers).

2017 marks the success of the rebranding of this premium DTT channel.

TFX

TFX confirmed its strategic positioning with a record year among 15-24 year-olds (4.3% audience share) and W<50PDM (3.5% audience share).

The channel rolled out two new hit reality TV shows:

- *La Villa des cœurs brisés* (season 3), which made TFX the fourth most-watched channel among W<50PDM (6% audience share) and the third most watched channel nationally in the 15-24 age bracket (12% audience share);
- *10 couples parfaits*, which launched successfully with average audience shares of 11% among W<50PDM and 14% among 15-24 year-olds.

Movies also performed well: *La mort dans la peau* (English title: *The Bourne Supremacy*) with 1.4 million viewers, *47 Ronin* with 1.3 million viewers and *Terminator Renaissance* (*Terminator Salvation*) with 1.1 million viewers.

TFX also offers exclusive documentary series, including *Appels d'urgence* (up to 0.9 million viewers) and *On a échangé nos mamans* (0.8 million viewers).

TF1 Séries Films

The Group's movie/drama channel had a record year, celebrating the 5th anniversary of 2nd generation DTT with a 1.9% audience share among individuals aged 4+ and 25-49 year-olds.

The channel attracted 8 of the top 10 2nd generation DTT audiences, including the no. 1 slot with *Section de Recherches* (1.4 million viewers).

TF1 Séries Films is the leading second generation DTT channel in prime time, with nearly 450,000 viewers on average.

Movies performed particularly well on TF1 Séries Films, including: *Le Fugitif* (*The Fugitive*, 925,000 viewers), *The Descendants* (873,000 viewers) and *Jurassic Park le monde perdu* (*The Lost World: Jurassic Park*, 840,000 viewers).

LCI

LCI has doubled its audience in a year and is consolidating its position as France's no. 2 news channel with a 0.6% audience share among individuals aged 4+.

The French presidential elections were the highlight of the first half of 2017. LCI was the most-watched news channel with the joint screening of the Great Presidential Debate (345,000 viewers, 1.7% of individuals aged 4+) and the announcement of the new government (353,000 viewers, 2.4% of individuals aged 4+).

LCI confirmed its position in the back-to-school period thanks to new shows and new faces, and was the only French news channel to increase its audience during the last four months of the year, by 21%:

- the morning show (*La Matinale*): audiences sharply higher, with LCI the only news channel to raise its audience in this time slot (1.8% of individuals aged 4+, up 0.6 of a point). The editorial makeover has also transformed the audience ratings: 1.8% share (+0.7 of a point) of 25-49 year-olds, and 2.8% audience share (+1 point) of ABC1s;
- *La République LCI*: 1.4% of individuals aged 4+, and strongest growth for this time slot gaining 0.5 of a point of audience share year-on-year;
- *Le Débat LCI*: 1% audience share of individuals aged 4+ (+0.6 of a point year-on-year);
- Success for *24H Pujadas, l'info en questions*: Second most-watched news channel with 1% share of individuals aged 4+ and up to 235,000 viewers;
- Weekend *News Brunch* show: 30% audience growth year-on-year, with up to 104,000 viewers and 1.6% share of individuals aged 4+.

TF1 Publicité (third-party airtime sales)

Although radio airtime sales were stable year-on-year in 2017, overall revenue from third-party airtime sales (for radio stations, non-Group television channels, etc.) was lower over the same period.

TF1 Films Production

Cumulative cinema footfall in 2017 was 209 million, versus 213 million in 2016.

52 movies (17 of them French) generated over a million box-office entries each in 2017, versus 53 (18 of them French) in 2016. French movies accounted for 37.4% of all movies screened in French cinemas in 2017 (versus 35.8% in 2016).

The top four French movies at the box office were all co-produced by TF1 Films Production: *Raid Dingue* (4.6 million), *Valérian et la cité des mille planètes* (4.0 million), *Alibi.com* (3.6 million) and *Le sens de la fête* (2.9 million).

Overall, the 21 movies co-produced by TF1 Films Production in 2017 generated over 23 million box office entries, including five that broke the million barrier (versus 9 in 2016).

The revenue contribution from TF1 Films fell slightly and current operating profit was lower than in 2016, due largely to amortisation patterns related to the number of annual movie releases.

TF1 Production

In 2017, TF1 Production produced around 410 hours of programmes (versus 450 in 2016). The main reason was the absence of morning drama programmes (*Petits secrets entre voisins*, *Petits secrets entre familles*). The number of hours delivered to DTT channels was stable year-on-year at around 100.

In the final quarter of 2017, TF1 Production launched new true life story programmes such as *Mon plus beau Noël* (TF1 Production's contribution to Group revenue rose year-on-year, as did current operating profit thanks to production cost savings, 20 episodes) and *Le merveilleux village de Noël*.

TF1 Production's contribution to Group revenue rose year-on-year, as did current operating profit thanks to production cost savings.

OTHER PLATFORMS AND RELATED ACTIVITIES

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels.

Digital activities recorded strong growth in 2017 thanks to increased levels of interactivity and to advertising revenue from MYTF1. The extra audiences generated by the Group's digital platforms are continuing to grow substantially.

Interactivity revenue was also strong in 2017, thanks to a favourable programming mix.

At the same time, innovative programming solutions helped exploit the fit between the broadcast channels and digital, boosting audiences for big events including:

- news and current affairs: coverage of the Great Presidential Debate was spread across TF1, LCI and Digital, so that the debate was followed by 11.2 million people;
- French drama: thanks to exposure on MYTF1 *via* an exclusive premiere and catch-up, coupled with linear broadcast on TF1 and TF1 Séries Films, the first episode of the blockbuster series *Le Tueur du Lac* was seen by 7.9 million people.

The Group's digital video audiences also advanced during 2017, with 1.7 billion video views on the MYTF1 platform alone, a 31% year-on-year increase.

With effect from 1 January 2017, the subscription-only kids' offering TFouMax was transferred to TF1 Vidéo.

Overall, e-TF1 achieved growth in both revenue and operating profit during 2017.

Theme channels

TV Breizh continues to build up its schedules around "gold" series like *Magnum*, *Les feux de l'amour* and *MacGyver*.

This has helped the channel secure top spot among Pay-TV channels with subscribers to cable/satellite bundles, with a 0.6% share of individuals aged 4+(1).

TV Breizh

TV Breizh continues to build up its schedules around "gold" series like *Magnum*, *Les feux de l'amour* and *MacGyver*.

This has helped the channel secure top spot among Pay-TV channels with subscribers to cable/satellite bundles, with a 0.6% share of individuals aged 4+(2).

Histoire et Ushuaïa

Ushuaïa TV, France's best-known science and nature channel according to the CSA Institute industry barometer, continued its event TV policy built around programme cycles and one-off specials, featuring high-profile presenters such as Denis Brogniart and Hélène Gateau.

2017 also saw the 30th anniversary of the *Ushuaïa* documentary programme, marked by a new exclusive interview with Nicolas Hulot.

Histoire, which celebrated its 20th anniversary in 2017, is France's no. 1 history channel and is making inroads in both its target markets (25-49 year-olds and HSCP)(1).

Histoire is developing a variety of formats, including strands related to classic/period drama and historical stage plays.

STUDIOS AND ENTERTAINMENT

STUDIOS

Newen Studios

The expansion of Newen continued in 2017 with the acquisition of Tuvalu Media Group, the leading independent producer in the Netherlands. Among the programmes produced by Tuvalu are *The First Years*, *My New Home*, *Maestro* (BBC format) and *Cover Me*.

In the final quarter of 2017, Newen Studios continued to diversify and extend its order book with the following productions: *Candice Renoir* (season 6) for France 2, *Cassandre* for France 3, *Demain nous appartient* for TF1, *Nu* for France 2 and *Thanksgiving* for Arte.

Dramas produced by Newen Studios provided some ratings hits during the period: *Demain nous appartient* on TF1 (record audience of 3.4 million viewers) and *Nina* (season average of 3.9 million viewers).

In digital, Newen acquired Mayane Communication on 28 December 2017. Mayane is a major French plurimedia group focused on childcare, infancy and parenting.

(1) Médiamétrie – Médiamat.
(2) Médiamat'Thématik (wave 33, January-June 2017), Pay-TV universe

TF1 Studio

A total of 13 movies went on general release in 2017, versus 18 in the previous year.

The year's biggest hits were *Alibi.com* (3.6 million box-office entries) and *Il a déjà tes yeux* (1.4 million).

Alibi.com was also the best performer on VoD with 454,000 viewings, ahead of the year's American movies.

TFouMax joined TF1 Studio during 2017.

ENTERTAINMENT

TF1 Entertainment

TF1 Entertainment had a good year in 2017, with growth in both revenue and operating profit. The main factors were:

- the La Seine Musicale concert hall, with good performances from *Bartabas*, the *Michel Sardou concert*, and above all *West Side Story*;
- Play Two, which launched during the year and enjoyed two highly successful album releases: the Michel Sardou tribute album, and especially the new MC Solaar album in the fourth quarter of 2017;
- Publishing, with strong contributions from the *Tutankhamen* and *Eiffel Tower* collections;
- Music/Live Shows: in the fourth quarter of 2017, the launch of the "Escape Game" event at the Parc des Princes stadium was a great footfall success. The music side performed well, driven by the Label (including M. Pokora and Lou) and performing artists (Florent Pagny, Indochine, and the Johnny Hallyday covers album).

Home Shopping

Despite a drop in orders placed, gross margin held steady year-on-year.

3.2.2 OUTLOOK

During 2018, the TF1 group will press ahead with its multi-channel, multi-media and multi-line strategy, and continue to grow its digital and production activities.

The Group will carry exclusive unencrypted coverage of 28 matches from the Football World Cup across its channels; continue to refresh its range of series (*La vérité sur l'affaire Harry Quebert*), French drama (*Les bracelets rouges*, *Insoupçonnable*) and entertainment (*L'aventure Robinson*, *Running Wild*); consolidate the access prime time slot (*Quotidien*, *Demain nous appartient*); and develop its news and current affairs offer.

In distribution, the Group will – in line with what was achieved with Altice-SFR in 2017 and Bouygues Telecom in early 2018 – offer TF1 Premium (content plus new services) to all operators.

In digital, the recently-announced acquisition of the aufeminin group will pave the way for a different relationship with advertisers built on strong internet audiences delivered by highly-engaged web communities around aufeminin brands (aufeminin.com, Marmiton, My Little Paris); these brands have a presence in over 20 countries, with many followers even paying for gift box plans[1]. The integration of aufeminin with the TF1 group could take place (after clearance from the competition authorities) during the first half of 2018. This will be one of the priorities for accelerating the Group's digital transformation in 2018.

The TF1 group expects:

- from 2018 onwards: growth in current operating margin at Group level (excluding major sporting events);
- average annual cost of programmes reduced to €960 million (excluding major sporting events) for the five unencrypted channels for the 2018-2020 period, thanks to optimisation of investment in content.

As the same time, the TF1 group is reiterating:

- its ambition to deliver growth in revenue from activities other than advertising on the five unencrypted channels, with those other activities expected to account for at least one-third of consolidated revenue in 2019;
- its target of double-digit current operating margin in 2019.

3.2.3 EVENTS AFTER THE REPORTING PERIOD

For a description of events after the reporting period, refer to Note 9.6 to the consolidated financial statements in section 4 of this registration document.

3.2.4 ROLE OF TF1 IN DEALINGS WITH ITS SUBSIDIARIES AND PARENT COMPANY

For details of positions held by key executives of TF1 in the principal subsidiaries, refer to the "Corporate Governance" section of this registration document.

The TF1 group consists of around a hundred directly or indirectly owned operating subsidiaries (see the organisation chart provided in section 6.1.1 of this registration document), mostly located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and harmonising procedures.

It also provides corporate support functions to its subsidiaries in fields such as management, human resources, advisory services and finance. Those services are invoiced by TF1 to the subsidiaries concerned.

For information about services provided by Bouygues to TF1, refer to the disclosures about related-party agreements and commitments in section 8.3 of this registration document, and to the Statutory Auditors' report on such agreements and commitments in section 5.3 of this registration document.

(1) Under the "Beautiful Box" plan, users pay a monthly subscription and receive a surprise monthly gift box, which beauty brands can use to promote their products.

From a financial point of view, TF1 ensures that its subsidiaries are adequately capitalised. The TF1 Treasury department provides cash management and pooling services for all Group subsidiaries in which it holds an equity interest of 50% or more except for Newen, Bonzai, MinuteBuzz and Play2 (which manage their own cash and financing with support from the TF1 group Finance department).

3.2.5 THE TF1 PARENT COMPANY

RESULTS OF TF1 SA

In 2017, TF1 SA (the parent company of the TF1 group) generated revenue of €1,168.5 million (2.7% less than in 2016), of which €1,150.2 million came from advertising revenue (3.2% less than in 2016). Operating profit for the year was €78.8 million, an increase of €48.0 million relative to 2016. Net financial income was €12.6 million, versus €291.8 million in 2016. Net profit for the year was €131.6 million, versus €131.5 million in 2016.

Expenses falling within the scope of Article 39-4 of the French General Tax Code, which are non-deductible for corporate income tax purposes, amounted to €349,676 in 2017. Those expenses will be submitted to the Annual General Meeting for approval, in accordance with Article 223 *quater* of the French General Tax Code.

APPROPRIATION AND DISTRIBUTION OF TF1 SA PROFITS

In the resolutions submitted for your approval we are asking you to approve the individual financial statements and the consolidated financial statements for the year ended 31 December 2017 and, having noted the existence of distributable profits of €616,579,160.25 (comprising net profit for the year of €131,630,699.89 and retained earnings of €484,948,460.36), to decide to appropriate and distribute that sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €73,453,009.70 (representing a dividend of €0.35 per €0.20 par value share);
- appropriation of the balance of €543,126,150.55 to retained earnings.

The ex-date of the dividend on the Euronext Paris market will be 30 April 2018. The date of record (*i.e.* the day at the end of which the post-settlement positions entitled to the dividend are determined) will be 2 May 2018. The payment date of the dividend will be 3 May 2018.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 May hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend paid per share
31 December 2014	€1.50
31 December 2015	€0.80
31 December 2016	€0.28

DISCLOSURES ABOUT CUSTOMER AND SUPPLIER PAYMENT TERMS AS SPECIFIED IN ARTICLE D.441-4 OF THE FRENCH COMMERCIAL CODE.

CUSTOMER PAYMENT TERMS

	Article D. 441-4.I.2 of the French Commercial Code: Invoices issued and due for payment that remain unpaid at the end of the reporting period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Ageing profile of payment arrears						
Number of invoices	1,313					49
Total amount of invoices *(€ ex VAT)*	235,697,660.62	274,179.78	212,204.21	125,739.90	206,077.55	818,201.44
Total revenue for the year *(€ ex VAT)*	1,168,507,814.16					
Percentage of revenue for the year	20.17%	0.02%	0.02%	0.01%	0.02%	0.07%
(B) Invoices excluded from (A) because they are disputed or not recognised in the accounts						
Number of invoices excluded	0					
Total amount of invoices excluded *(€ ex VAT)*	0					
(C) Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to determine arrears	Contractual terms: 30 days from end of invoice month – 45 days from end of invoice month					

SUPPLIER PAYMENT TERMS

	Article D. 441-4.I.1 of the French Commercial Code: Invoices received and due for payment that remain unpaid at the end of the reporting period					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Ageing profile of payment arrears						
Number of invoices	1,198					730
Total amount of invoices *(€ ex VAT)*	126,413,509.79	1,894,182.52	599,638.81	21,286.78	185,297.91	2,700,406.02
Total purchases for the year *(€ ex VAT)*	884,774,758.72					
Percentage of total purchases for the year	14.29%	0.21%	0.07%	0.00%	0.02%	0.31%
(B) Invoices excluded from (A) because they are disputed or not recognised in the accounts						
Number of invoices excluded	0					
Total amount of invoices excluded *(€ ex VAT)*	0					
(C) Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to determine arrears	Contractual payment terms (in most cases): end of invoice month + 45 days					

3.2.6 PRINCIPAL ACQUISITIONS AND DIVESTMENTS

The principal acquisitions and divestments of the period are described in Note 3 to the consolidated financial statements in section 4 of this registration document.

4

2017 FINANCIAL STATEMENTS AFR

4.1 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the TF1 group for the year ended 31 December 2017 should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2016 and 31 December 2015, prepared in accordance with international financial reporting standards, as presented in the 2016 French-language *document de référence* filed with the *Autorité des Marchés Financiers* (AMF) on 8 March 2017 under reference number D.17-0136. An English-language version of the audited consolidated financial statements for the year ended 31 December 2016 is included in the TF1 2016 registration document, available on the TF1 corporate website at: https://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels.

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

4.1.1 CONSOLIDATED INCOME STATEMENT

(€m)	Note	2017	2016
Advertising revenue		1,561.7	1,530.1
Other revenue		563.2	532.6
Revenue	*5.1*	**2,124.9**	**2,062.7**
Other income from operations	*5.1*	43.1	14.1
Purchases consumed and changes in inventory	*5.2*	(877.1)	(923.2)
Staff costs	*5.3*	(453.2)	(403.9)
External expenses	*5.4*	(391.6)	(369.9)
Taxes other than income taxes	*5.5*	(131.2)	(127.2)
Depreciation and amortisation, net		(173.2)	(177.6)
Provisions and impairment, net		(53.7)	(80.6)
Other current operating income	*5.6*	244.2	242.6
Other current operating expenses	*5.6*	(146.9)	(107.6)
Current operating profit/(loss)		**185.3**	**129.4**
Non-current operating income		-	-
Non-current operating expenses	*5.7*	(23.3)	(83.7)
Operating profit/loss		**162.0**	**45.7**
Income associated with net debt		0.2	0.6
Expenses associated with net debt		(1.7)	(1.8)
Cost of net debt	*5.8*	**(1.5)**	**(1.2)**
Other financial income	*5.9*	15.8	4.3
Other financial expenses	*5.9*	(9.5)	(8.8)
Income tax expense	*5.11*	(44.6)	(5.9)
Share of profits/(losses) of joint ventures and associates		14.2	9.9
Net profit/(loss) from continuing operations		**136.4**	**44.0**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**
NET PROFIT/(LOSS)		**136.4**	**44.0**
attributable to the Group:		**136.1**	**41.7**
Net profit/(loss) from continuing operations		*136.1*	*41.7*
attributable to non-controlling interests:		**0.3**	**2.3**
Net profit/(loss) from continuing operations		*0.3*	*2.3*
Weighted average number of shares outstanding *(in '000)*		209,664	209,444
Basic earnings per share from continuing operations *(€)*	*7.4.2*	0.65	0.20
Diluted earnings per share from continuing operations *(€)*	*7.4.2*	0.65	0.20
Basic earnings per share from held-for-sale operations *(€)*		-	-
Diluted earnings per share from held-for-sale operations *(€)*		-	-

4.1.2 STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2017	2016
Consolidated net profit/(loss) for period	**136.4**	**44.0**
Items not reclassifiable to profit or loss		
Actuarial gains and losses on employee benefits	(1.2)	(3.7)
Net tax effect of equity items not reclassifiable to profit or loss	(1.0)	1.3
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments*	(6.5)	0.8
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	-	-
Net tax effect of equity items reclassifiable to profit or loss	2.2	(0.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-	-
Income and expense recognised directly in equity	**(6.5)**	**(1.9)**
TOTAL RECOGNISED INCOME AND EXPENSE	**129.9**	**42.1**
attributable to the Group	*129.6*	*39.7*
attributable to non-controlling interests	*0.3*	*2.4*

* *includes amounts reclassified to profit or loss: -€4.1 million in 2017, -€2.9 million in 2016.*

4.1.3 CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2017	2016
Net profit/(loss) from continuing operations (including non-controlling interests)		136.4	44.0
Depreciation, amortisation, provisions & impairment (excluding current assets)	*6.2.1*	231.8	242.9
Net (gain)/loss on asset disposals		7.0	0.5
Share of (profits)/losses and dividends of joint ventures and associates		(12.9)	(8.4)
Other non-cash income and expenses	*6.2.2*	(36.1)	(18.6)
Sub-total		**326.2**	**260.4**
Cost of net debt		1.5	1.2
Income tax expense (including deferred taxes)		44.6	5.9
Operating cash flow		**372.3**	**267.5**
Income taxes (paid)/reimbursed		(21.2)	(53.4)
Change in operating working capital needs	*6.2.3*	(82.0)	14.5
Net cash generated by/(used in) operating activities		**269.1**	**228.6**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(189.7)	(205.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.9	0.3
Cash outflows on acquisitions of financial assets		(35.0)	(7.3)
Cash inflows from disposals of financial assets		9.2	2.5
Effect of changes in scope of consolidation	*6.3.1*	66.8	(104.9)
Purchase price of investments in consolidated activities		*(32.6)*	*(186.5)*
Proceeds from disposals of consolidated activities		*90.5*	*9.5*
Net liabilities related to consolidated activities		-	-
Other changes in scope of consolidation (cash of acquired or divested entities)		*8.9*	*72.1*
Dividends received		0.1	-
Other cash flows from investing activities		(2.2)	(0.8)
Net cash generated by/(used in) investing activities		**(149.9)**	**(315.6)**
Cash received on exercise of stock options	*7.4.6*	3.0	1.9
Purchases and sales of treasury shares		-	(21.4)
Other transactions between shareholders		(3.0)	(0.8)
Dividends paid during the period	*7.4.5*	(58.6)	(167.3)
Cash inflows from new debt contracted		42.8	85.7
Repayment of debt (including finance leases)		(25.7)	(91.4)
Net interest paid (including finance leases)		(1.5)	(1.2)
Net cash generated by/(used in) financing activities		**(43.0)**	**(194.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**76.2**	**(281.5)**
Cash position at start of period – continuing operations		**419.3**	**700.8**
Change in cash position during the period – continuing operations		76.2	(281.5)
Cash position at end of period – continuing operations		**495.5**	**419.3**

4.1.4 CONSOLIDATED BALANCE SHEET

Assets *(€m)*	Note	31/12/2017	31/12/2016
Goodwill	***7.3.1***	**580.4**	**560.9**
Intangible assets		**234.6**	**237.2**
Audiovisual rights	*7.1.1*	170.8	174.4
Other intangible assets	*7.3.2*	63.8	62.8
Property, plant and equipment	***7.3.3***	**177.2**	**174.0**
Investments in joint ventures and associates	***7.3.4***	**22.2**	**89.3**
Non-current financial assets	***7.3.5***	**46.5**	**31.7**
Non-current tax assets		**-**	**-**
Total non-current assets		**1,060.9**	**1,093.1**
Inventories		**615.9**	**677.5**
Programmes and broadcasting rights	*7.1.2*	597.8	661.9
Other inventories		18.1	15.6
Trade and other debtors	***7.2.1***	**1,204.7**	**979.8**
Current tax assets		**13.0**	**40.2**
Other current financial assets		**-**	**4.9**
Cash and cash equivalents	***7.5.1***	**495.8**	**420.2**
Total current assets		**2,329.4**	**2,122.6**
Assets of held-for-sale operations		**-**	**-**
TOTAL ASSETS		**3,390.3**	**3,215.7**
Net surplus cash (+)/Net debt (-)	***7.5.1***	**256.7**	**186.7**

Shareholders' equity and liabilities *(€m)*	Note	31/12/2017	31/12/2016
Share capital	*7.4.1*	42.0	41.9
Share premium and reserves		1,403.8	1,409.8
Net profit/(loss) for the period attributable to the Group		136.1	41.7
Shareholders' equity attributable to the Group		**1,581.9**	**1,493.4**
Non-controlling interests		(0.1)	(0.8)
Total shareholders' equity		**1,581.8**	**1,492.6**
Non-current debt	*7.5.1*	232.6	224.9
Non-current provisions	*7.3.6*	38.8	54.2
Non-current tax liabilities	*5.1.1*	40.2	42.9
Total non-current liabilities		**311.6**	**322.0**
Current debt	*7.5.1*	6.5	8.6
Trade and other creditors	*7.2.2*	1,466.3	1,368.0
Current provisions	*7.2.3*	16.5	24.5
Current tax liabilities		-	-
Other current financial liabilities		7.6	-
TOTAL CURRENT LIABILITIES		**1,496.9**	**1,401.1**
Liabilities of held-for-sale operations		-	-
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,390.3**	**3,215.7**

4.1.5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	Share-holders' equity attributable to the Group	Non-control-ling interests	Consoli-dated share-holders' equity
BALANCE AT 31 DECEMBER 2016	**41.9**	**13.5**	**-**	**1,447.9**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**
Capital increase (stock options exercised)	0.1	2.9	-	-	-	**3.0**	-	**3.0**
Share-based payment	-	-	-	5.1	-	**5.1**	-	**5.1**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(58.6)	-	**(58.6)**	-	**(58.6)**
Other transactions with shareholders	-	-	-	17.1	-	**17.1**	0.3	**17.4**
Total transactions with shareholders	**0.1**	**2.9**	**-**	**(36.4)**	**-**	**(33.4)**	**0.3**	**(33.1)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**136.1**	**-**	**136.1**	**0.3**	**136.4**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(6.5)**	**(6.5)**	**-**	**(6.5)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(7.7)	-	**(7.7)**	0.1	**(7.6)**
BALANCE AT 31 DECEMBER 2017	**42.0**	**16.4**	**-**	**1,539.9**	**(16.4)**	**1,581.9**	**(0.1)**	**1,581.8**

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	Share-holders' equity attributable to the Group	Non-control-ling interests	Consoli-dated share-holders' equity
BALANCE AT 31 DECEMBER 2015	**42.1**	**11.7**	**(20.0)**	**1,715.8**	**(7.9)**	**1,741.7**	**20.1**	**1,761.8**
Capital increase (stock options exercised)	0.1	1.8	-	-	-	**1.9**	-	**1.9**
Share-based payment	-	-	-	2.5	-	**2.5**	-	**2.5**
Purchase of treasury shares	-	-	(21.4)	-	-	**(21.4)**	-	**(21.4)**
Cancellation of treasury shares	(0.3)	-	13.2	(12.9)	-	**(0.0)**	-	**(0.0)**
Dividends paid	-	-	-	(167.2)	-	**(167.2)**	(0.1)	**(167.3)**
Other transactions with shareholders	-	-	28.2	(3.4)	-	**24.8**	(23.8)	**1.0**
Total transactions with shareholders	**(0.2)**	**1.8**	**20.0**	**(181.0)**	**-**	**(159.4)**	**(23.9)**	**(183.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**41.7**	**-**	**41.7**	**2.3**	**44.0**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(2.0)**	**(2.0)**	**0.1**	**(1.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(128.6)	-	**(128.6)**	0.6	**(128.0)**
BALANCE AT 31 DECEMBER 2016	**41.9**	**13.5**	**-**	**1,447.9**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**

Refer to Note 7.4, "Consolidated shareholders' equity", for an analysis of these changes.

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents - Notes

NOTE 1 SIGNIFICANT EVENTS OF 2017

1.1 TAXATION

3% levy on dividend distributions ruled unconstitutional

On 6 October 2017, the French Constitutional Council ruled that the 3% contribution levied on dividends was wholly unconstitutional, validating all claims outstanding at that date. The 2017 Amending Finance Act abolished the levy from 2018 onwards. TF1 had filed claims against the levy from 2013 onwards, covering part of the dividends paid out in 2013 and 2014 and all of the dividends paid out in 2015, 2016 and 2017. Consequently, the Group recognized an income tax gain of €19.3 million, plus financial income of €2.1 million for back interest (also received in December 2017).

Exceptional corporate tax contribution

The 2017 Amending Finance Act introduced an exceptional corporate tax contribution. The overall tax rate applicable to the TF1 group is 44.43%, resulting in an additional tax expense for the Group of €13.0 million (paid on 20 December 2017).

1.2 DIVESTMENT OF GROUPE AB

On 30 January 2017, TF1 accepted a conditional offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. As of 31 March 3017, those conditions had been fulfilled and the divestment of the equity interest took effect, generating a provisional gain (pending validation of the net cash position of Groupe AB as of 31 March 2017). The final purchase price allocation was determined in September 2017, at which point the definitive gain was recognised in "Share of profits/(losses) of joint ventures and associates" in the consolidated income statement.

1.3 ACQUISITION OF THE TUVALU GROUP

On 6 February 2017, the Newen group completed the acquisition of a 70.65% equity interest in Tuvalu Media Netherlands BV, parent company of the Tuvalu group (audiovisual production in the Netherlands and Belgium). The Tuvalu group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017.

The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to Newen Studios, and Newen Studios has an option to acquire, the residual 29.35% equity interest between 2020 and 2023.

1.4 ACQUISITION OF MINUTEBUZZ

In January 2017, the TF1 group completed the acquisition of a 62.9% equity interest in MinuteBuzz, a media group that specialises in the aggregation and production/broadcasting of videos on social networks. A shareholder agreement between the existing shareholders and the TF1 group stipulates that the founders of MinuteBuzz will enjoy considerable management autonomy, and specifies the terms of exercise of reciprocal undertakings whereby the founders have an option to sell to TF1, and TF1 has an option to acquire, the founders' residual 37.1% equity interest between 2017 and 2020.

Under the terms of the agreements between the TF1 group and the founders, the TF1 group acquired a further 8% interest in June and December 2017, taking its total equity interest to 70.9%.

MinuteBuzz is accounted for by the equity method in the TF1 group consolidated financial statements with effect from 1 January 2017.

1.5 EQUITY STAKE IN STUDIO71

In January 2017, the TF1 group took a 6.1% equity interest in Studio71. This equity interest is measured at fair value, and is included in "Non-current financial assets" in the TF1 group consolidated balance sheet.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

Accounting policies

The financial statements have been prepared on a going concern basis.

Accounting policies are described in text boxes within the relevant notes to the financial statements.

2.1 DECLARATION OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements of the TF1 group for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of 19 July 2002.

They include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They also take account of recommendation no. 2013-03 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 7 November 2013.

The consolidated financial statements are presented in millions of euros.

They were closed off by the Board of Directors on 15 February 2018 and will be submitted for approval by the shareholders at the Annual General Meeting on 19 April 2018.

2.2 NEW AND AMENDED IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January 2017

In preparing its consolidated financial statements for the year ended 31 December 2017, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2016, plus any new standards, amendments and interpretations applicable from 1 January 2017.

The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2017 are:

Amendments to IAS 7 – Statement of Cash Flows

These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To meet this requirement, the TF1 group provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 7.5.1 to the consolidated financial statements.

These amendments are applicable to annual accounting periods beginning on or after 1 January 2017, and were early adopted in the TF1 consolidated financial statements for the year ended 31 December 2016.

IFRS 9 – Financial Instruments

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018.

The TF1 group did not elect early adoption of IFRS 9.

The Group will apply IFRS 9 rules on classification, measurement and impairment of financial instruments retrospectively with effect from 1 January 2018, with no adjustments to comparatives on first-time application. The hedge accounting rules will also be applied with effect from 1 January 2018, using a prospective approach in accordance with IFRS 9.

The Group expects the impact to be immaterial (less than €2 million).

IFRS 15 – Revenue from Contracts with Customers

On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group did not elect early adoption of IFRS 15. The Group will apply IFRS 15 retrospectively with effect from 1 January 2018, and the 2017 comparatives presented in 2018 will be restated to reflect the impacts of the new standard. Within the TF1 group, the effects on (i) distribution contracts and (ii) the date of recognition of revenue generated by rights sales (especially TV and SVoD) are not material. The impacts of applying IFRS 15 on the balance sheet as of 31 December 2016, the interim periods of 2017 and the year ended 31 December 2017 are presented in Note 2.5.

IFRS 16 – Leases

On 13 January 2016, the IASB issued IFRS 16 – Leases. IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16 was endorsed by the European Union on 31 October 2017 and is applicable from 1 January 2019. The TF1 group did not elect early adoption of IFRS 16, and is assessing the consequences of first-time application.

2.2.2 New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January

IFRIC 23 – Uncertainty Over Income Tax Treatments

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which is mandatorily applicable from 1 January 2019 and has not yet been endorsed by the European Union. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The TF1 group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it.

2.3 CHANGES IN ACCOUNTING POLICY

The TF1 group did not make any changes in accounting policy during 2017.

2.4 EXERCISE OF JUDGMENT AND USE OF ESTIMATES

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments. In addition, the Group uses estimates and assumptions, regarded as realistic and reasonable, for the remeasurement of assets, liabilities, income and expenses; those estimates and assumptions may have a material impact on the amounts reported in the financial statements. Subsequent events or circumstances may result in changes to those estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

Accounting policies applied to balance sheet items that require the use of estimates are indicated in the relevant notes to the financial statements. Estimates are used in particular for goodwill (see Note 7.3.1), audiovisual and broadcasting rights (see Note 7.1), revenue recognition (see Note 4.3), deferred taxation (see Note 5.11), and retirement benefit obligations (see Note 7.3.6).

2.5 IMPACT OF FIRST-TIME APPLICATION OF IFRS 15 ON THE OPENING BALANCE SHEET AND THE INCOME STATEMENT

The TF1 group will apply IFRS 15 for the first time in 2018, at which point the comparatives presented will be those for the 2017 financial year restated to reflect the adjustments described below.

The impact of first-time application of IFRS 15 on opening equity as of 1 January 2017 will be €(0.7) million in the 2017 comparatives presented with the 2018 financial statements. The impacts of first-time application of IFRS 15 on revenues and net profit are summarised below:

(€m)	Impacts on revenue		
Period	**Distribution agreements**	**Rights sales**	**Total**
Q1 2017	1.1	3.4	4.5
Q2 2017	1.5	0.1	1.6
Q3 2017	0.8	1.0	1.8
Q4 2017	1.8	(2.2)	(0.4)
FY 2017	**5.2**	**2.3**	**7.5**

(€m)	Impacts on net profit		
Period	**Distribution agreements**	**Rights sales**	**Total**
Q1 2017	-	0.3	0.3
Q2 2017	-	(0.1)	(0.1)
Q3 2017	-	0.3	0.3
Q4 2017	-	(0.3)	(0.3)
FY 2017	**-**	**0.2**	**0.2**

NOTE 3 SCOPE OF CONSOLIDATION: SIGNIFICANT CHANGES AND HELD-FOR-SALE OPERATIONS

Accounting policy: business combinations, divestments and goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3.

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. For each business combination, the Group can elect to account for non-controlling interests:

- **at fair value (full goodwill method); or**
- **at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets (partial goodwill method).**

The difference is treated as an adjustment to the goodwill arising on the acquisition.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to the provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill (*i.e.* gain from a bargain purchase).

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 7.3.1. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

In the event of a partial sale of the component operations of a CGU, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 7 hierarchy of valuation methods, see Note 7.3.5) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of IAS 36.

The consolidated financial statements of the TF1 group for the year ended 31 December 2017 include the financial statements of the companies listed in Note 9.5.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2017

Acquisition of Tuvalu

- Following the acquisition of a 70.65% equity interest in Tuvalu that gave TF1 exclusive control over that company on 6 February 2017, Tuvalu is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017. Tuvalu is included in the Studios & Entertainment segment for financial reporting purposes. This acquisition is part of the development strategy for the Group's production activities.
- The vendors and Newen Studios (a TF1 subsidiary) entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to Newen Studios, and Newen Studios has an option to acquire, the residual 29.35% equity interest during a three-year period from 2020 to 2023 in accordance with the terms of each undertaking. In the consolidated financial statements for the year ended 31 December 2017 the commitment entered into by Newen Studios to buy out the non-controlling interests was measured at fair value on the basis of discounted cash flow projections. The resulting amount was recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.
- Tuvalu contributed €19.4 million to Group revenue in 2017. Its contribution to net profit was immaterial.

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2016

Acquisitions of Newen Studios and Rendez Vous Production Série

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016. They are included in the Studios & Entertainment operating segment for financial reporting purposes.

Bonzai Digital

On 19 February 2016, e-TF1 acquired a 51% equity interest in Bonzai Digital, a company specialising primarily in targeted advertising solutions. Bonzai Digital is fully consolidated with effect from 1 January 2016. It is included in the Broadcasting operating segment for financial reporting purposes.

Beauté Test

On 6 April 2016, the Newen Studios group acquired a 75% equity interest in Devtribu, the company behind Beauté-test.com, a cosmetics testing and comparison website. Devtribu is fully consolidated with effect from 1 April 2016 and is included in the Studios & Entertainment segment for financial reporting purposes.

Blue Spirit

On 30 September 2016, the Newen group took control of the Blue Spirit group, which specialises in animation production, by raising its equity interest from 49.5% to 85%. The Blue Spirit group entities were accounted for by the equity method until 30 September 2016, and have been fully consolidated since 1 October 2016.

NOTE 4 SEGMENT INFORMATION

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operating decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operating decision-maker.

Management assesses segmental performance on the basis of current operating profit. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group reports the following operating segments:

Broadcasting

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from those activities are generated by selling advertising airtime fees and by fees collected from cable, satellite and ADSL operators.

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and audiovisual rights acquisition on behalf of the Group's TV channels (in accordance with French broadcasting regulations) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

- Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and other exploitation rights in France or internationally, including physical and online video sales.

  Although these activities (carried on by TF1 Studio, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.

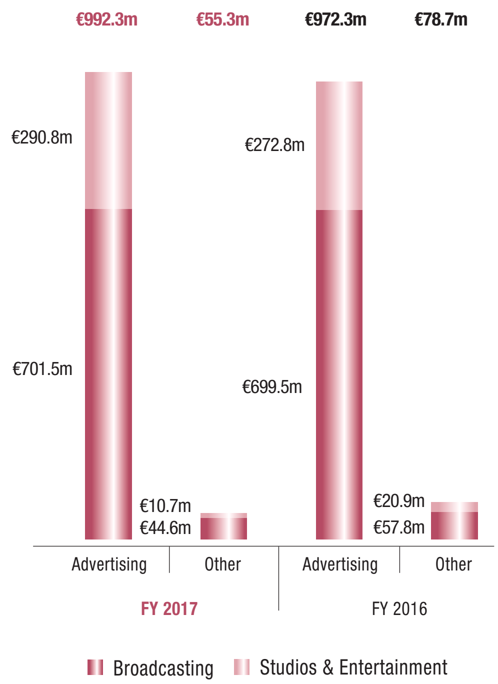
  More specifically, TF1 Studio and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European TV and video rights distributors.

  Consequently, TF1 management considers it relevant to monitor their financial performance collectively;
- The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level.

4.1 INFORMATION BY OPERATING SEGMENT

Segmental income statement *(€m)*	Broadcasting		Studios & Entertainment		Total TF1 group	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Segment revenue	1,742.2	1,694.4	417.8	386.8	2,160.0	2,081.2
Elimination of inter-segment transactions	(28.6)	(24.5)	(6.5)	6.0	(35.1)	(18.5)
Group revenue contribution	**1,713.6**	**1,669.9**	**411.3**	**392.8**	**2,124.9**	**2,062.7**
of which Advertising revenue	*1,550.9*	*1,521.0*	*10.8*	*9.1*	*1,561.7*	*1,530.1*
of which Other revenue	*162.7*	*148.9*	*400.5*	*383.7*	*563.2*	*532.6*
Current operating profit/(loss)	**143.3**	**87.5**	**42.0**	**41.9**	**185.3**	**129.4**
% operating margin on Group contribution	*8.4%*	*5.2%*	*10.2%*	*10.7%*	*8.7%*	*6.3%*
Share of profits/(losses) of joint ventures and associates	14.3	5.9	(0.1)	4.0	14.2	9.9

SEGMENTAL ASSETS AND LIABILITIES



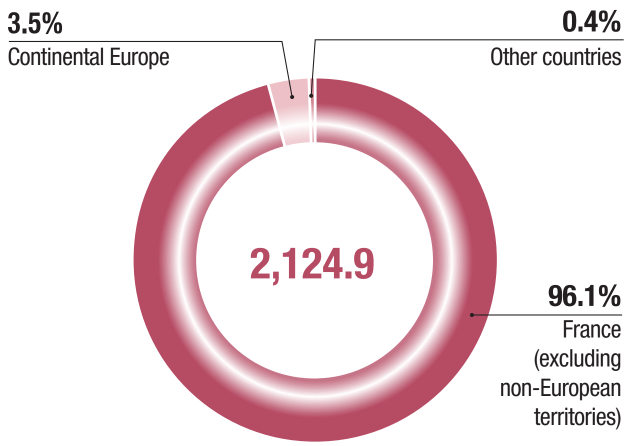
CAPTAL EXPENDITURE

Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

Segmental liabilities include current and non-current provisions.

4.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Revenue is generated mainly in France (excluding non-European territories), as shown in the graphic below; there was no significant year-on-year change in the geographical split of sales.



	Revenue	
(€m)	**2017**	**2016**
France (excluding non-European territories)	2,041.9	1,999.3
Continental Europe	73.6	51.1
Other countries	9.4	12.2
TOTAL	**2,124.9**	**2,062.6**

France accounts for the vast majority of the Group's assets and capital expenditure; the amounts for other geographical segments are immaterial.

NOTE 5 NOTES TO THE INCOME STATEMENT

5.1 OPERATING REVENUES

Accounting policy

The TF1 group recognises revenue when:

- **it is probable that the economic benefits associated with the transaction will flow to the Group;**
- **the amount of revenue can be measured reliably;**
- **at the transaction date, it is probable that the amount of the sale will be recovered.**

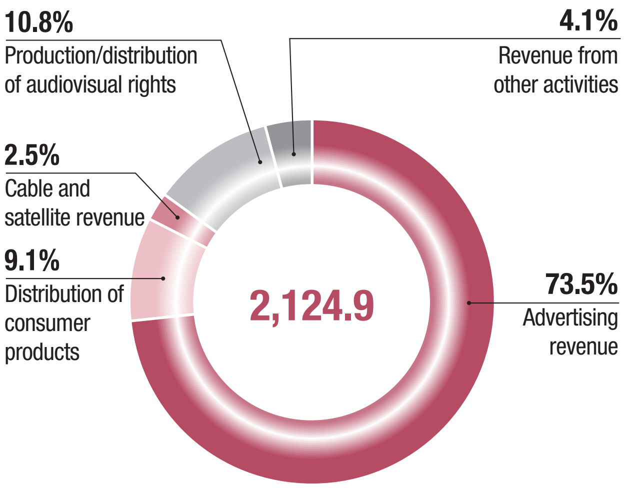
The specific revenue recognition policies applied to each business line are as follows:

- **Sales of advertising airtime are recognised on transmission of the advertisement or commercial. Advertising airtime sold by the Group's channels is measured either individually (spot by spot) or on a more aggregated basis according to audience objectives (guaranteed GRP sales), applying the Group's general terms and conditions of sale and the specific terms applicable to each advertiser and agency. All of these pricing terms are taken into account when measuring advertising revenue.**
  - **For sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers.**
  - **The TF1 group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in "Revenue" and as expenses in "External expenses";**
- **Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year;**
- **Sales of audiovisual rights are recognised (depending on the nature of the rights) either when the rights are opened or when the licensee has acknowledged that the programme conforms with the terms of the contract (technical acceptance).**
- **Revenue from sales of merchandise and products by the Group's publishing and distribution activities is reported net of (i) provisions for expected goods returns and (ii) paybacks made in connection with some distribution contracts.**
- **In the case of services that require recourse to technical service-providers, the Group recognises as revenue the cost of the service borne by the end user if the Group bears the financial, after-sales and legal risks associated with the service. In other cases, where the Group regards itself as acting purely as agent, only the net fee collected is recognised as revenue.**

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

The activities carried on by the TF1 group do not to any material extent include sales comprising separately identifiable components within the meaning of IAS 18.

Operating revenues comprise:



(€m)	FY 2017	FY 2016
Advertising revenue	1,561.7	1,530.1
Distribution of consumer products	193.4	187.9
Cable and satellite revenue	52.3	47.3
Production/distribution of audiovisual rights	229.4	217.4
Revenue from other activities	88.1	80.0
Revenue	**2,124.9**	**2,062.7**
Disposal of coproduction shares	43.1	14.1
Operating revenues	**2,168.0**	**2,076.8**

5.2 PURCHASES CONSUMED AND CHANGES IN INVENTORY

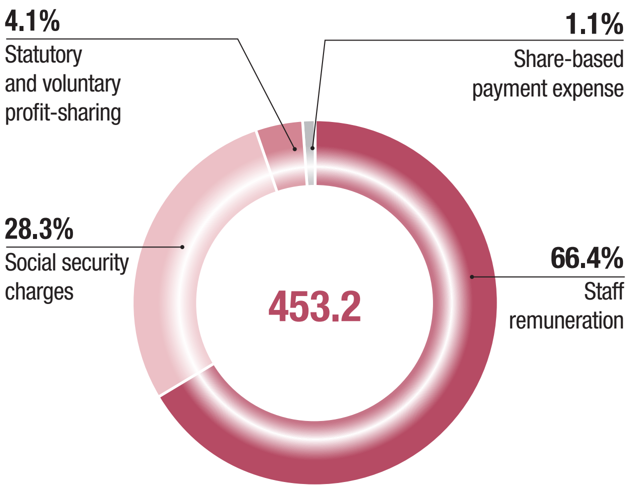
This item breaks down as follows:

(€m)	FY 2017	FY 2016
External production consumed(1)	(699.8)	(699.0)
Purchases of services(2)	(124.8)	(162.3)
Purchases of goods	(36.4)	(41.5)
Other purchases	(16.1)	(20.4)
Purchases consumed and changes in inventory	**(877.1)**	**(923.2)**

(1) "External production consumed" relates to programmes acquired from third parties and broadcast by TF1, TMC, TFX (NT1) and TF1 Séries Films (HD1), and by the theme channels TV Breizh, Histoire and Ushuaïa TV.
(2) For 2016, the "Purchases of services" line includes the cost of the broadcasting rights for the Euro 2016 football tournament.

5.3 STAFF COSTS

Staff costs break down as follows:



(€m)	FY 2017	FY 2016
Staff remuneration	(300.9)	(279.8)
Social security charges	(128.3)	(116.0)
Statutory employee profit-sharing	(18.8)	(0.4)
Share-based payment expense	(5.2)	(5.2)
Other staff costs	-	(2.5)
Staff costs	**(453.2)**	**(403.9)**

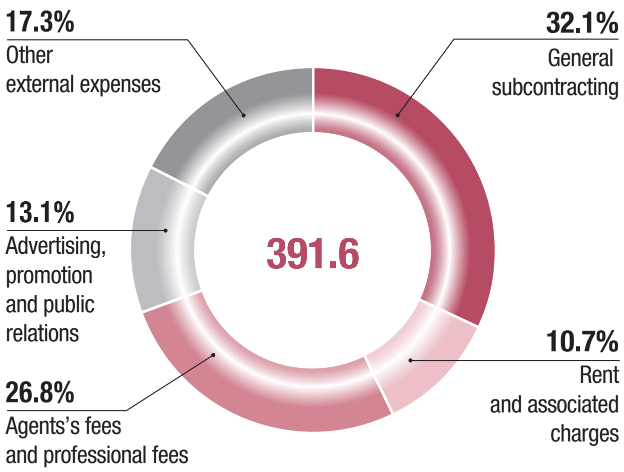
Defined-contribution plan expenses are included in "Social security charges", and totalled €26 million in 2017 (2016: €28 million).

Expenses relating to retirement benefits under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 7.3.6). Retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of stock option plans and performance share plans, calculated in accordance with IFRS 2 (see Note 7.4.6).

5.4 EXTERNAL EXPENSES

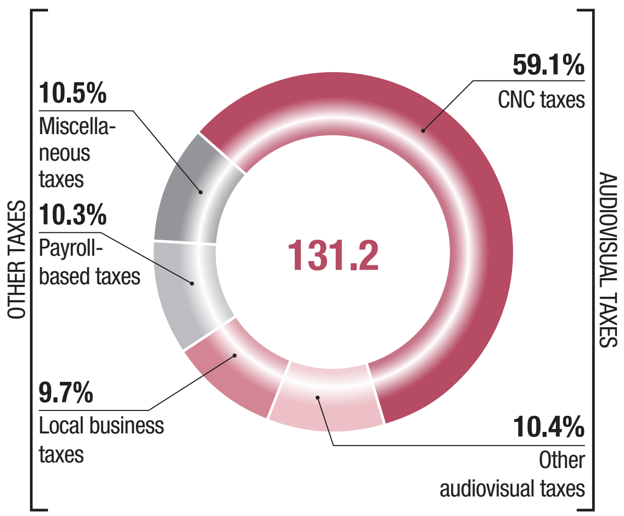
External expenses break down as follows:



(€m)	FY 2017	FY 2016
General subcontracting	(125.6)	(118.3)
Rent and associated charges	(41.8)	(43.3)
Agents' fees and professional fees	(105.0)	(89.3)
Advertising, promotion and public relations	(51.3)	(52.9)
Other external expenses	(67.9)	(66.1)
External expenses	**(391.6)**	**(369.9)**

5.5 TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes break down as follows:



(€m)	FY 2017	FY 2016
Audiovisual taxes	**(91.2)**	**(87.9)**
■ National Centre for Cinematography (CNC) taxes	(77.6)	(74.1)
■ Other audiovisual taxes	(13.6)	(13.8)
Other taxes	**(40.0)**	**(39.3)**
■ Local business taxes	(12.7)	(12.2)
■ Payroll-based taxes	(13.5)	(13.2)
■ Miscellaneous taxes	(13.8)	(13.9)
Taxes other than income taxes	**(131.2)**	**(127.2)**

5.6 OTHER CURRENT OPERATING INCOME AND EXPENSES

Other current operating income and expenses consist of the following items:

(€m)	FY 2017	FY 2016
In-house production capitalised, and cost transfers	134.9	148.1
Reversals of unused provisions	19.4	24.3
Operating grants	5.6	7.2
Investment grants	27.8	20.3
Foreign exchange gains	18.4	17.1
Other income *(including proceeds from divestments of consolidated entities and audiovisual tax credit)*(1)	38.1	25.6
Other current operating income	**244.2**	**242.6**
Royalties and paybacks to rights-holders	(100.1)	(82.8)
Bad debts written off	(8.2)	(3.5)
Foreign exchange losses	(16.7)	(15.2)
Other expenses *(including carrying amount of divested consolidated entities)*(2)	(21.9)	(6.1)
Other current operating expenses	**(146.9)**	**(107.6)**

(1) In 2017, includes recognition of income receivable from a reimbursement of audiovisual taxes.
(2) In 2017, this item mainly comprises one-off expenses covered by provisions booked in previous periods.

5.7 NON-CURRENT OPERATING INCOME AND EXPENSES

Accounting policy

These line items contain a very limited number of income and expense items, which are unusual but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operating performance.

The non-current operating expenses of €23.3 million reported in the 2017 income statement represent amortisation charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation. As of 31 December 2017, the unamortised portion of those rights amounted to €22.6 million, which will be amortised in full during 2018.

The non-current operating expenses of €83.7 million reported in the income statement for 2016 represent costs incurred on the reorganisation of the Group (€25.3 million) and on the freeview switchover of the LCI channel (€8.2 million), plus amortisation of €25.4 million charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation (see Note 1, "Significant events", to the 2016 financial statements as included in the 2016 registration document).

They also include the impact of changes in regulations relating to production of French drama programmes: with effect from the decree of 27 April 2015, the Group has been entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised as intangible assets and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues (as was previously the case for all such investments) to be recognised in inventory and charged to profit or loss as and when the programme is broadcast.

Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts was being taken into account simultaneously with the recognition of the new contracts generated an additional expense of €25.4 million during the period, reported in "Non-current operating expenses" in the year ended 31 December 2016. Amortisation and impairment charged against capitalised co-production are included in the cost of programmes.

5.8 COST OF NET DEBT

Accounting policy

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

- **"Expenses associated with net debt" comprise:**
- **interest expense on current and non-current debt;**
- **amortisation of financial assets and liabilities measured at amortised cost;**
- **expenses arising from currency hedges;**
- **expenses arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);**
- **expenses arising on the disposal of assets used for treasury management purposes.**

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- **interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;**
- **income arising from currency hedges;**
- **other revenues generated by cash equivalents and financial assets used for treasury management purposes;**
- **income arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);**
- **income generated by the disposal of assets used for treasury management purposes.**

Cost of net debt breaks down as follows:

(€m)	FY 2017	FY 2016
Interest income	0.2	0.6
Income and revenues from financial assets	-	-
Income associated with net debt	**0.2**	**0.6**
Interest expense on debt	(1.7)	(1.8)
Expenses associated with net debt	**(1.7)**	**(1.8)**
Cost of net debt	**(1.5)**	**(1.2)**

5.9 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses break down as follows:

(€m)	FY 2017	FY 2016
Dividend income	0.1	0.1
Gains on financial assets*	11.4	3.8
Gains arising from changes in value of forward currency purchase/sale contracts	-	-
Gains arising from the effect of discounting assets and liabilities	0.6	0.4
Other income	3.7	-
Other financial income	**15.8**	**4.3**
Losses on financial assets*	(8.1)	(7.4)
Losses arising from changes in value of forward currency purchase/sale contracts	(0.1)	-
Losses arising from the effect of discounting assets and liabilities	(1.1)	(0.5)
Other expenses	(0.2)	(0.9)
Other financial expenses	**(9.5)**	**(8.8)**

* *The change in 2017 relates mainly to the proceeds on the disposal of the equity interest in Teads.*

5.10 NET INCOME AND EXPENSE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial – FY 2017	Financial – FY 2016	Operating – FY 2017	Operating – FY 2016
Net income/(expense) on loans and receivables at amortised cost	-	0.6	(7.0)	(6.9)
Net income/(expense) on financial assets at fair value	3.8	0.1	-	-
financial assets designated at fair value through profit or loss	-	-	-	-
financial assets held for trading	*3.8*	*0.1*	-	-
Net income/(expense) on available-for-sale financial assets	3.3	(3.6)	(0.1)	0.5
Net income/(expense) on financial liabilities at amortised cost	(2.2)	(2.0)	-	-
Net income/(expense) on derivatives	**(0.1)**	**(0.8)**	**(5.8)**	**0.4**
NET INCOME AND EXPENSE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES	**4.8**	**(5.7)**	**(12.9)**	**(6.0)**

5.11 INCOME TAXES

Accounting policy

Deferred taxation is recognised using the liability method on all temporary differences existing at the end of the reporting period between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

5.11.1 Current and deferred taxes

5.11.1.1 Income statement

(€m)	FY 2017	FY 2016
Current taxes	(48.4)	(11.6)
Deferred taxes	3.8	5.7
Income tax expense	**(44.6)**	**(5.9)**

For the year ended 31 December 2017, the tax rate payable includes the exceptional corporate tax contribution introduced by Amending Finance Act no. 2017.1640, which raised the Group's overall tax rate to 44.43% for that year. (See Note 1.1).

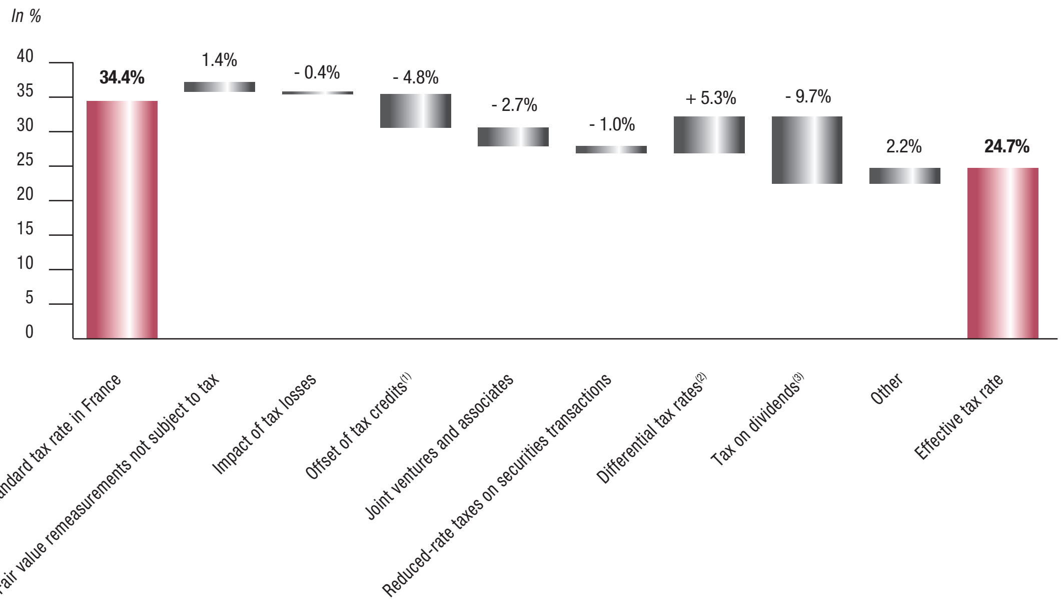
In line with the 2018 Finance Act as voted in by the French National Assembly in December 2017, temporary differences for the Group's French entities have been calculated using a gradually reducing tax rate. The rates used range from 34.43% (for temporary differences reversing before 31 December 2018) to 25.83% (for temporary differences reversing after 31 December 2021).

5.11.1.2 Tax proof

(€m)	FY 2017	FY 2016
Net profit attributable to the Group	**136.1**	**41.7**
Income tax expense	44.6	5.9
Net profit from discontinued operations	-	-
Non-controlling interests	0.3	2.3
Net profit from continuing operations before tax and non-controlling interests	**181.0**	**49.9**

TF1 made a group tax election on 1 January 1989, and has renewed this election regularly since that date.

TAX PROOF



2016 tax proof	**34.4%**	**1.6%**	**(8.5%)**	**(11.8%)**	**(6.7%)**	**(3.0%)**	**(0.4%)**	**10.1%**	**(3.8%)**	**11.9%**

(1) Mainly the Employment Competitiveness Tax Credit and the Audiovisual Tax Credit.
(2) Includes the impact of the exceptional corporate tax contribution (see Note 1, "Significant events").
(3) Reimbursement in December 2017 of the levy on dividends paid in respect of the years from 2012 to 2016.

5.11.2 Deferred tax assets and liabilities

5.11.2.1 Change in net deferred tax position

(€m)	FY 2017	FY 2016
Net deferred tax asset/(liability) at 1 January	**(42.9)**	**(11.8)**
Recognised in equity	1.2	1.0
Recognised in profit or loss	3.8	5.7
Changes in scope of consolidation and other items*	(2.3)	(37.8)
Net deferred tax asset/(liability) at 31 December	**(40.2)**	**(42.9)**

* *In 2016, the movement was mainly attributable to the first-time consolidation of the Newen group, and includes deferred taxes on the fair value remeasurement of rights as part of the purchase price allocation.*

5.11.2.2 Principal sources of deferred taxation

The principal sources of deferred taxation are as follows:

(€m)	FY 2017	FY 2016
Provisions		
Provisions for programmes	1.2	1.9
Provisions for retirement benefit obligations	9.2	13.6
Provisions for impairment of audiovisual rights	0.6	0.6
Provisions for trade debtors	0.6	0.7
Other provisions	5.5	12.1
Employee profit-sharing	1.8	1.9
Tax losses available for carry-forward	0.5	1.5
Other deferred tax assets	2.7	0.6
Offset of deferred tax assets and liabilities	(22.1)	(32.9)
Deferred tax assets	**-**	**-**
Accelerated tax depreciation	(34.3)	(36.4)
Depreciation of head office building	(6.5)	(8.6)
Remeasurement of assets	(20.8)	(27.7)
Other deferred tax liabilities	(0.7)	(3.1)
Offset of deferred tax assets and liabilities	22.1	32.9
Deferred tax liabilities	**(40.2)**	**(42.9)**
Net deferred tax asset/(liability) at 31 December	**(40.2)**	**(42.9)**

Unrecognised deferred tax assets totalled €8.9 million (versus €15.3 million as of 31 December 2016), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

5.11.2.3 Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	**12.9**	**-**	**9.2**	**(22.1)**	**-**

Deferred tax assets recoverable after more than five years relate to timing differences on provisions for retirement benefit obligations.

NOTE 6 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

6.1 DEFINITION OF CASH POSITION

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the "Cash and cash equivalents" line in the balance sheet is presented below:

(€m)	31/12/2017	31/12/2016
Cash and cash equivalents in the balance sheet	495.8	420.2
Cash of held-for-sale operations	-	-
Treasury current account credit balances	(0.3)	(0.1)
Bank overdrafts	-	(0.8)
Closing cash position per the cash flow statement	**495.5**	**419.3**

6.2 NET CASH GENERATED BY/USED IN OPERATING ACTIVITIES

6.2.1 Depreciation, amortisation, provisions and impairment

An analysis of depreciation, amortisation, provisions and impairment is provided below:

(€m)	FY 2017	FY 2016
Intangible assets	228.3	230.3
Property, plant and equipment	18.0	16.3
Financial assets	2.1	(2.2)
Non-current provisions	(16.6)	(1.5)
TOTAL DEPRECIATION, AMORTISATION, PROVISIONS & IMPAIRMENT, NET	**231.8**	**242.9**

6.2.2 Other non-cash income and expenses

Other non-cash income and expenses comprise the following items:

(€m)	FY 2017	FY 2016
Effect of fair value remeasurement	5.8	0.6
Share-based payment	5.1	2.5
Dividend income from non-consolidated entities	(0.1)	-
Grants released to profit or loss	(46.9)	(21.7)
TOTAL OTHER NON-CASH INCOME AND EXPENSES	**(36.1)**	**(18.6)**

6.2.3 Change in operating working capital needs

The change in operating working capital needs breaks down as follows:

(€m)	FY 2017	FY 2016
Increase/(decrease) in net inventories	(61.4)	(49.6)
Increase/(decrease) in trade and other debtors	167.6	(17.8)
Decrease/(increase) in trade and other creditors	(73.5)	61.3
Decrease/(increase) in other liabilities	49.3	(8.4)
Increase/(decrease) in operating working capital needs before taxes	**82.0**	**(14.5)**

6.3 NET CASH GENERATED BY/USED IN INVESTING ACTIVITIES

6.3.1 Cash effect of changes in scope of consolidation

This item breaks down as follows:

(€m)	FY 2017	FY 2016
Net cash outflows on acquisitions	(23.7)	(114.4)
Net cash inflows from disposals	90.5	9.5
Effect of changes in scope of consolidation	**66.8**	**(104.9)**

"Net cash outflows on acquisitions" consists of the following items:

(€m)	FY 2017	FY 2016
Cash and cash equivalents acquired	8.9	72.1
Financial assets acquired	6.7	9.6
Other assets acquired	35.1	238.9
Non-controlling interests acquired	(0.0)	(2.3)
Other liabilities acquired	(42.0)	(245.6)
Net assets acquired (A)	8.7	72.7
Goodwill (B)	24.9	129.3
Cash outflow (A) + (B)	**32.6**	**186.5**
Cash acquired	8.9	72.1
Cash of companies joining the consolidation during the period without acquisition	-	-
Net cash outflow	**23.7**	**114.4**

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	FY 2017	FY 2016
Cash inflows	90.5	9.5
Cash divested	-	-
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow	**90.5**	**9.5**

For 2017, cash inflows mainly comprise the proceeds from the divestment of the 33.5% equity interest in Groupe AB.

For 2016, cash inflows mainly comprise contingent consideration arising from the 2014 divestment of Onecast further to agreements between TF1, ITAS and TDF signed in October 2016.

NOTE 7 NOTES TO THE CONSOLIDATED BALANCE SHEET

7.1 AUDIOVISUAL RIGHTS AND BROADCASTING RIGHTS

7.1.1 Audiovisual rights

Accounting policy

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 Droits Audiovisuels and TF1 Entertainment; audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under "Audiovisual rights".

Amortisation methods for the various categories of audiovisual rights are as follows:

- **producer shares in French drama acquired by broadcasters: amortised on a straight line basis over the projected period of rights exploitation, in line with the expected pattern of consumption of future economic benefits;**
- **producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;**
- **shares in movie co-productions and audiovisual distribution rights: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;**
- **audiovisual trading rights: amortised on a straight-line basis over the contractual term or the projected period of rights exploitation;**
- **music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.**

Use of estimates and judgment

Impairment losses are recognised against audiovisual rights on a case by case basis, following an analysis of the expected future economic benefits relative to their carrying amount.

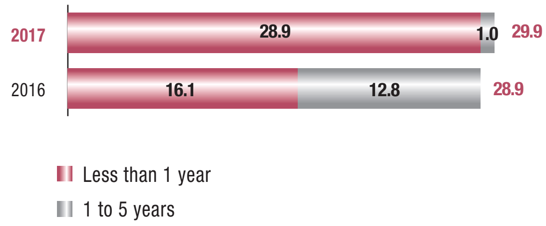
Movements during 2017 and 2016 were as follows:

(€m)	Gross value	Amortisation	Impairment	Total audiovisual rights
31 December 2015	**1,234.4**	**(1,145.6)**	**(23.8)**	**65.0**
Increases	202.6	(154.4)	(84.7)	(36.5)
Decreases	(1.0)	0.1	16.1	15.2
Changes in scope of consolidation and reclassifications*	945.5	(811.8)	(3.0)	130.7
31 December 2016	**2,381.5**	**(2,111.7)**	**(95.4)**	**174.4**
Increases	226.3	(145.5)	(94.3)	(13.5)
Decreases	(3.6)	2.9	22.8	22.1
Changes in scope of consolidation and reclassifications	(5.2)	(7.5)	0.5	(12.2)
31 December 2017	**2,599.0**	**(2,261.8)**	**(166.4)**	**170.8**

* *Mainly the first-time consolidation of Newen Studios.*

The chart below shows the maturities of audiovisual rights acquisition contracts entered into by the Group to secure future programming schedules.

AUDIOVISUAL RIGHTS (€M)



7.1.2 Programmes and broadcasting rights

Accounting policy

Initial recognition

In order to secure programming schedules for future years, the Group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, such rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The balance sheet line item "Programmes and broadcasting rights" includes:

- **in-house productions, made by TF1 group companies for TF1 channels;**
- **external productions, comprising broadcasting rights acquired for the Group's channels.**

The value of programmes and broadcasting rights is measured as follows:

- **in-house production: at overall production cost (direct costs plus a portion of indirect production costs);**
- **broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at the end of each reporting period.**

Accounting for consumption of programmes

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of that transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

	Rules by type of programme		
	Dramas with a running time of at least 52 minutes	**Films, TV movies, serials and cartoons**	**Other programmes and broadcasting rights**
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

Impairment and write-offs

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above.

Use of estimates and judgment

Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights acquired to secure future programming schedules

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described above.

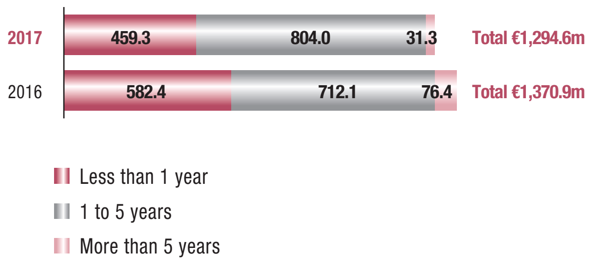
(€m)	Gross value	Impairment (net)	Inventories
1 January 2016	**828.0**	**(114.6)**	**713.4**
Net movement	(26.6)	(24.9)[1]	(51.5)
Changes in scope of consolidation and reclassifications	1.4	(1.4)	-
31 December 2016	**802.8**	**(140.9)**	**661.9**
Net movement	(55.3)	(8.8)[2]	(64.1)
Changes in scope of consolidation and reclassifications	-	-	-
31 December 2017	**747.5**	**(149.7)**	**597.8**

(1) Includes €76.1 million of impairment losses charged, €51.2 million of impairment losses reversed
(2) Includes €54.5 million of impairment losses charged, €45.7 million of impairment losses reversed

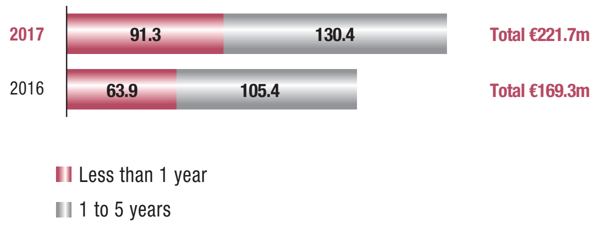
The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de Droits economic interest grouping.

The charts below show the maturities of broadcasting and sports transmission rights acquisition contracts entered into by the Group to secure future programming schedules.

PROGRAMMES AND BROADCASTING RIGHTS (€M)



SPORT TRANSMISSION RIGHTS (€)



Some of those broadcasting and sports transmission rights contracts are expressed in U.S. dollars; the amounts involved were the U.S. dollar equivalent of €48.1 million in 2017 and €112.2 million in 2016.

In 2017, programmes and broadcasting rights related mainly to TF1 SA (€502.7 million, versus €359.3 million in 2016) and to the Acquisition de Droits economic interest grouping (€735.2 million, versus €902.7 million in 2016).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€221.7 million in 2017, €169.3 million in 2016).

7.2 CURRENT ASSETS AND LIABILITIES

7.2.1 Trade and other debtors

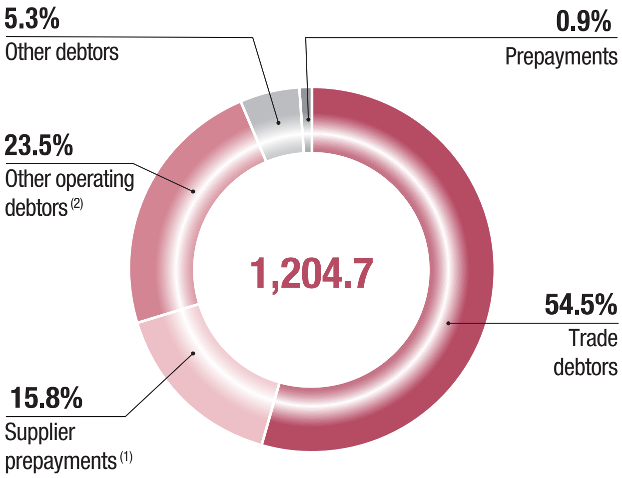
Accounting policy

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At the end of each subsequent reporting period, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests.

Impairment losses are recognised in profit or loss, but may be reversed if the recoverable amount increases in subsequent periods.



(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.

(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

(€m)	Gross value 2017	Impairment 2017	Carrying amount 2017	Carrying amount 2016
Trade debtors	661.3	(5.1)	656.2	574.7
Supplier prepayments(1)	191.6	(0.8)	190.8	149.2
Other operating debtors(2)	283.2	-	283.2	204.5
Other debtors	187.1	(123.7)	63.4	44.6
Prepayments	11.1	-	11.1	6.8
Trade and other debtors	**1,334.3**	**(129.6)**	**1,204.7**	**979.8**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.
(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

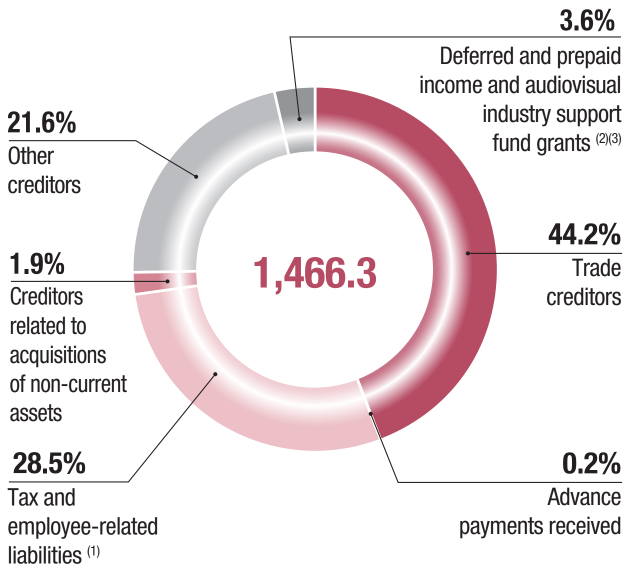
Movements in provisions for impairment of trade and other debtors during the period are shown below:

(€m)	2017	2016
Impairment as of 1 January	**(130.6)**	**(130.7)**
Additional provisions booked during the year	(13.2)	(7.8)
Reversals for debts written off during the year	12.2	5.4
Recovered during the year	2.0	2.9
Held-for-sale operations	-	-
Changes in scope of consolidation and reclassifications	-	(0.4)
Impairment as of 31 December	**(129.6)**	**(130.6)**

7.2.2 Breakdown of trade and other creditors

Accounting policy

Grants received by the TF1 group mainly comprise grants received by the Group's production companies from funds set up to support the audiovisual industry, in particular grants awarded by the French National Centre for Cinematography (CNC). Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other current operating income" on exploitation of the corresponding rights.



(€m)	2017	2016
Trade creditors	647.9	666.1
Advance payments received	2.9	2.7
Tax and employee-related liabilities(1)	418.0	344.9
Creditors related to acquisitions of non-current assets	27.7	14.6
Other creditors	316.1	299.2
Deferred and prepaid income and audiovisual industry support fund grants(2)(3)	53.7	40.5
Trade and other creditors	**1,466.3**	**1,368.0**

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.
(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the CNC.
(3) Mainly comprises prepaid income.

7.2.3 Current provisions

Accounting policy

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

Use of estimates and judgment

Provisions include those booked to cover litigation and claims of whatever kind, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining those assumptions, TF1 management may if necessary rely on the assessments of external advisors.

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are determined in the same way as non-current provisions (see Note 7.3.6).

The table below shows movements in current provisions during 2017:

(€m)	Litigation and claims: employees	Litigation and claims: commercial	Other contractual litigation, claims, and risks	Other	Total current provisions
1 January 2017	**6.9**	**4.4**	**2.7**	**10.5**	**24.5**
Charges	2.1	1.9	0.5	3.7	8.2
Reversals: used	(4.6)	(0.7)	-	(5.8)	(11.1)
Reversals: unused	(1.6)	(2.1)	(1.2)	(0.2)	(5.1)
Changes in scope of consolidation and reclassifications	-	-	-	-	-
31 December 2017	**2.8**	**3.5**	**2.0**	**8.2**	**16.5**

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for other contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

Alleged abuse of dominant position in the advertising market

Canal+, M6 and NextRadioTV each filed a complaint with the French Competition Authority against TF1 alleging abuse of dominant position in the French television advertising market; TF1 Publicité presented its counter-arguments. TF1 submitted an economic study to the French Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrated the pro-competitive impact of TF1's position in the advertising market. The French Competition Authority has formally closed the NextRadioTV and Canal+ investigations and rejected their complaints. Investigation of the M6 complaint is ongoing.

Alleged restraint of trade

The Canal Plus Group filed a complaint with the French Competition Authority against TF1 alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances; TF1 Publicité presented its counter-arguments. To date, no notice of grievance has been issued to TF1 by the Competition Authority.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

7.3 NON-CURRENT ASSETS AND LIABILITIES

Accounting policy

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections in business plans approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated using market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction.

Use of estimates and judgment

The carrying amount of goodwill in the TF1 consolidated financial statements is reviewed at least annually. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).

Impairment

At the end of each reporting period, the Group assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those taken against goodwill.

7.3.1 Goodwill

The table below shows movements in goodwill for the period, by segment:

(€m)	Broadcasting	Studios & Entertainment	Total
Goodwill at 1 January 2016	**406.5**	**25.1**	**431.6**
Acquisitions	2.8	126.5	129.3
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 December 2016	**409.3**	**151.6**	**560.9**
Acquisitions	-	22.8	22.8
Disposals	-	-	-
Reclassifications	-	(3.3)	(3.3)
Impairment	-	-	-
Goodwill at 31 December 2017	**409.3**	**171.1**	**580.4**
Gross value	*413.8*	*171.1*	*584.9*
Accumulated impairment	*(4.5)*	-	*(4.5)*

In 2017, the movement in goodwill corresponds to the acquisitions described in Note 1, "Significant events", and includes in particular the acquisitions made by the Newen group, including that of the Tuvalu group.

In accordance with the revised IFRS 3 the TF1 group has for those acquisitions elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

For 2016, the movement in goodwill includes the €110 million goodwill recognised on the Newen acquisition, described in Note 1, "Significant events" to the 2016 consolidated financial statements as presented in the 2016 registration document.

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	Broadcasting segment		Studios & Entertainment segment		Total	
(€m)	2017	2016	2017	2016	2017	2016
Number of CGUs	1	1	3	3	4	4
Broadcasting CGU	409.3	409.3	-	-	409.3	409.3
Newen/TF1 Studios CGU	-	-	171.1	151.6	171.1	151.6
TF1 Entertainment CGU	-	-	-	-	-	-
Home Shopping CGU	-	-	-	-	-	-
TOTAL	**409.3**	**409.3**	**171.1**	**151.6**	**580.4**	**560.9**

Based on impairment tests conducted using the method described below, no impairment of goodwill was identified as of 31 December 2017.

Impairment testing of goodwill

The recoverable amount of each of the four CGUs was determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Board of Directors. Cash flows beyond the projection time horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The business plans used in the tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:

- the impacts of the economic situation and competitive environment, and of trends in how content is consumed, on advertising spend;
- the acceleration of the transformation of the TF1 group, and the organic expansion of its activities;
- the ongoing implementation of a resolutely multi-channel, multi-media and multi-line strategy that allies mass audience power with targeting across all platforms, plus the expansion of production activities and the development of new monetisation techniques, which is reflected by:
  - securing the stream of core business TV content (including news) and advertising,
  - delivering a high-performance digital offering,
  - ongoing build-up of Newen to reinforce the production side,
  - opening up new distribution channels (platformization, OTT) and exploiting data.

The perpetual growth rate used for impairment testing as of 31 December 2017 was 2% for all CGUs; the same rate was used as of 31 December 2016. The after-tax discount rate used as of 31 December 2017 was 6.09% (versus 6.18% as of 31 December 2016); it was determined on the basis of external data sources using the method described in Note 7.3 above. The year-on-year change is explained mainly by a fall in the risk-free rate and unlevered beta, partly offset by an increase in the risk premium (source: market data provided by the firm Associés en Finances).

For the four CGUs, analyses were performed of the sensitivity of the calculations to key assumptions (discount rate, growth rate, normative cash flows), both individually and using combinations of discount rate and normative cash flow scenarios, including reasonably possible changes in those assumptions. Those analyses identified no probable scenario in which the recoverable amount of the CGUs would fall below their carrying amount.

For confidentiality reasons, the results of those analyses are presented on an aggregated basis for the three CGUs in the Studios & Entertainment segment.

For those CGUs, recoverable amount would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

2017	Change in discount rate	Change in normative cash flows
Broadcasting CGU	541 bp	-64%
Studios & Entertainment CGUs (aggregated)	740 bp	-72%

2016	Change in discount rate	Change in normative cash flows
Broadcasting CGU	523 bp	-62%
Studios & Entertainment CGUs (aggregated)	1,003 bp	-79%

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,099 million (versus €1,026 million at end 2016).

For the aggregated Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €479 million (versus €537 million at end 2016).

7.3.2 Intangible assets (other than audiovisual rights, see Note 7.1.1)

Accounting policy

Intangible assets (other than audiovisual rights) mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software. On the acquisition date, they are measured as follows:

- **at acquisition cost, net of accumulated amortisation and impairment losses; or**
- **at fair value as of the acquisition date, if acquired in a business combination.**

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised using the straight-line method over their expected useful lives.

Intangible assets with indefinite useful lives, such as commercial trademarks owned by the Group, are not amortised. These trademarks are tested for impairment (see Note 7.3).

The figures shown below are net carrying amounts:

(€m)	Indefinite-lived trademarks	Concessions, patents & similar rights	Other	Total
1 January 2016	**36.2**	**26.5**	**(2.5)**	**60.2**
Increases	-	1.7	6.8	8.5
Amortisation & impairment	-	(6.2)	(1.2)	(7.4)
Decreases	-	(0.4)	(0.2)	(0.6)
Changes in scope of consolidation and reclassifications	-	(3.6)	5.7	2.1
31 December 2016	**36.2**	**18.0**	**8.6**	**62.8**
Increases	-	1.6	3.4	5.0
Amortisation & impairment	-	(7.9)	(3.6)	(11.5)
Decreases	-	-	(0.3)	(0.3)
Changes in scope of consolidation and reclassifications	-	0.1	7.7	7.8
31 December 2017	**36.2**	**11.8**	**15.8**	**63.8**
gross value	*36.2*	*71.3*	*34.0*	*141.5*
amortisation and impairment	-	*(59.5)*	*(18.2)*	*(77.7)*

Based on impairment tests conducted using the method described in Note 7.3, no impairment of indefinite-lived trademarks was identified as of 31 December 2017.

7.3.3 Property, plant and equipment

Accounting policy

Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings	25 to 50 years
Technical installations	3 to 7 years
Other property, plant and equipment	2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, those components are recognized and depreciated as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in “Other current operating income and expenses”.

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the years ended 31 December 2017 and 2016 (the figures shown are net carrying amounts):

(€m)	Land	Buildings	Technical facilities	Technical facilities held under finance leases	Other property, plant and equipment	Property, plant & equipment under construction	Total
1 January 2016	**60.9**	**76.8**	**10.2**	**1.2**	**19.8**	**1.2**	**170.1**
Increases	-	0.1	7.6	-	7.3	0.1	15.1
Depreciation & impairment	-	(2.5)	(5.4)	(1.0)	(7.4)	-	(16.3)
Decreases	-	-	(0.1)	-	(0.1)	-	(0.2)
Changes in scope of consolidation and reclassifications	1.0	1.7	2.0	-	1.8	(1.2)	5.3
31 December 2016	**61.9**	**76.1**	**14.3**	**0.2**	**21.4**	**0.1**	**174.0**
Increases	-	3.7	3.0	-	12.2	1.4	20.3
Depreciation & impairment	-	(3.2)	(5.7)	(0.4)	(8.9)	-	(18.2)
Decreases	-	0.1	-	-	(0.1)	-	-
Changes in scope of consolidation and reclassifications	-	(2.9)	3.7	0.2	0.2	(0.1)	1.1
31 December 2017	**61.9**	**73.8**	**15.3**	**(0.0)**	**24.8**	**1.4**	**177.2**
gross value	*61.9*	*104.9*	*165.5*	*10.1*	*127.6*	*1.4*	*471.4*
depreciation and impairment	-	*(31.1)*	*(150.2)*	*(10.1)*	*(102.8)*	-	*(294.2)*

7.3.4 Investments in joint ventures and associates

Accounting policy

Because goodwill included in the carrying amount of investments in associates and joint ventures is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

The table below gives details of investments in joint ventures and associates:

(€m)	Groupe AB(1)	Other(2)	Total
1 January 2016	**72.3**	**12.5**	**84.8**
Share of profit/(loss) for the period	4.4	1.5	5.9
Provision for impairment	-	-	-
Dividends paid	-	(1.0)	(1.0)
Changes in scope of consolidation and reclassifications	-	(0.4)	(0.4)
Provision for risks	-	-	-
31 December 2016	**76.7**	**12.6**	**89.3**
Share of profit/(loss) for the period	-	0.4	0.4
Provision for impairment	-	-	-
Dividends paid	-	(1.2)	(1.2)
Changes in scope of consolidation and reclassifications	(76.7)	10.1	(66.6)
Provision for risks	-	0.3	0.3
31 December 2017	**-**	**22.2**	**22.2**

(1) Groupe AB was divested on 31 March 2017; see Note 1, "Significant events". The €14.2 million recognised for the share of profits/(losses) of joint ventures and associates mainly comprises the gain arising on the divestment of Groupe AB.

(2) Primarily Série Club (Broadcasting operating segment): €10.8 million as of 31 December 2017 and €10.9 million as of 31 December 2016, and MinuteBuzz (Studios & Entertainment operating segment): €9.7 million as of 31 December 2017.

No other material income or expenses recognised directly in equity were reported by joint ventures or associates.

Figures relating to joint ventures and associates are not individually material as of 31 December 2017.

7.3.5 Other non-current financial assets

Accounting policy

Classification

Financial assets may be classified in one of four categories: available-for-sale financial assets, loans and receivables, held-to-maturity investments, and assets at fair value through profit or loss. In accordance with IAS 1, financial assets are classified as either current assets or non-current assets.

Financial assets are recognised at the settlement date.

- **Available for-sale financial assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At the end of subsequent reporting periods, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.**

TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement methods described below. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of a significant or prolonged decline in value, an impairment loss is recognised in the income statement;

- **Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold until maturity. They are measured and carried at amortised cost calculated using the effective interest method.**

Held-to-maturity investments are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests; any impairment losses are recognised in profit or loss;

- **Other non-current financial assets include:**
  - **investments in non-consolidated entities, which are classified as available-for-sale financial assets and are carried at cost if their fair value cannot be measured reliably,**
  - **share warrants, which are measured using the Black & Scholes method based on available valuation parameters;**
- **Interest rate derivatives and currency derivatives: fair value is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data at the end of the reporting period (level II method).**

Use of estimates and judgment

IFRS 13 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- **Level I: measurement based on quoted prices in active markets;**
- **Level II: measurement based on observable market parameters;**
- **Level III: measurement based on non-observable market parameters.**

The methods used by the TF1 group are as follows:

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no quoted market price is available, fair value is estimated using other valuation methods such as the actual valuation of comparable transactions or the discounted cash flow method, which relies on observable (level II) or non-observable (level III) parameters.

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

7.3.5.1 Financial assets by category

2017 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level*				
Other non-current financial assets	-	-	III	43.8	2.7	-	46.5
Trade and other debtors	-	-		-	1,204.7	-	1,204.7
Other current financial assets	-	-		-	-	-	-
Currency derivatives	-	-	II	-	-	-	-
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	495.8	-	495.8

* *See "Use of estimates and judgment" section of Note 7.3.5.*

2016 *(€m)*	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level*				
Other non-current financial assets	-	-	III	27.5	4.2	-	31.7
Trade and other debtors	-	-		-	979.8	-	979.8
Other current financial assets	-	4.9		-	-	-	4.9
Currency derivatives	-	4.9	II	-	-	-	4.9
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	420.2	-	420.2

* *See "Use of estimates and judgment" section of Note 7.3.5.*

No transfers between these levels were made in either 2017 or 2016.

7.3.5.2 Other non-current financial assets

Accounting policy

Other non-current financial assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

- **financial assets classified as held for trading, which comprise assets acquired for the purpose of reselling them in the near term at a profit or which are part of a portfolio of financial instruments that are managed together and for which there is a pattern of short-term profit taking;**
- **assets designated by the Group on initial recognition as financial instruments at fair value through profit or loss.**

Other non-current financial assets break down as follows:

(€m)	2017	2016
Equity investments in non-consolidated entities	43.8	27.5
Loans and advances to non-consolidated equity investees	-	-
Loans receivable	0.4	2.2
Deposits and caution money	2.3	2.0
Other financial assets	**46.5**	**31.7**

Equity investments in non-consolidated entities

The main equity investments in non-consolidated entities break down as follows:

(€m)	% interest at year-end	Gross value 2017	Gross value 2016	Impairment 2017	Impairment 2016	Carrying amount 2017	Carrying amount 2016
A1 International	50%	12.8	12.8	(12.8)	(12.8)	-	-
Teads		-	3.5	-	-	-	3.5
Sofica Valor 7		-	16.9	-	-	-	16.9
Sofica Valor 8	100%	1.8	-	-	-	1.8	-
Soread	12%	1.6	1.6	(1.6)	(1.6)	-	-
Studio71	6%	27.5	-	-	-	27.5	-
Other		17.8	9.9	(3.3)	(2.8)	14.5	7.1
Equity investments in non-consolidated entities		**61.5**	**44.7**	**(17.7)**	**(17.2)**	**43.8**	**27.5**

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2017 or 2016.

7.3.6 Non-current provisions

Accounting policy

The main types of non-current provisions are described below.

- **Provisions for retirement benefits**

The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed *via* the Group's pension funds.

Employees of the TF1 group's French subsidiaries belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the TF1 group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Use of estimates and judgment

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- **vested benefit entitlements under collective agreements for each category of employee based on length of service;**
- **staff turnover rate, calculated using historical average data for employees leaving the company;**
- **salaries and wages, including a coefficient for employer's social security charges as currently payable;**
- **an annual salary inflation rate;**
- **life expectancy of employees, determined using statistical tables;**
- **a discount rate, applied to the obligation and reviewed annually.**

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. Since 1 January 2011, the TF1 group has recognised actuarial gains and losses directly in equity, in accordance with the revised IAS 19.

- **Provisions for risks relating to commitments, litigation and claims**

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

Use of estimates and judgment

These provisions are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period.

7.3.6.1 Analysis of non-current provisions

The table below shows movements in non-current provisions during 2017 and 2016:

	Provisions for:		
(€m)	Retirement benefits	Risks relating to commitments, litigation and claims*	Total
31 December 2015	**38.5**	**12.8**	**51.3**
Charges	3.5	-	3.5
Reversals: used	(2.0)	-	(2.0)
Reversals: unused	(3.0)	-	(3.0)
Actuarial (gains)/losses	3.7	-	3.7
Changes in scope of consolidation and reclassifications	0.7	-	0.7
31 December 2016	**41.4**	**12.8**	**54.2**
Charges	3.4	-	3.4
Reversals: used	(4.0)	(10.9)	(14.9)
Reversals: unused	(5.1)	-	(5.1)
Actuarial (gains)/losses	1.2	-	1.2
Changes in scope of consolidation and reclassifications	-	-	-
31 December 2017	**36.9**	**1.9**	**38.8**

* *Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.*

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7.3.6.2 Provisions for retirement benefit obligations

Accounting policy

Use of estimates and judgement

Provisions for retirement benefit obligations are calculated by the TF1 group itself using the projected unit credit method, as described in Note 7.3.6 above. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.

MAIN ACTUARIAL ASSUMPTIONS

	2017	2016	2015	2014	2013
Discount rate (Iboxx A10)	1.5%	1.7%	2.1%	2.0%	3.2%
Expected rate of return on plan assets	1.5%	1.7%	2.1%	2.0%	3.2%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at 31 December 2017 was 6.6%, unchanged from 2016.

A reduction of 70 basis points in the discount rate applied would increase the obligation by €3.1 million. Under the accounting policies applied by the Group, the resulting actuarial losses would be recognised directly in equity.

EXPENSE RECOGNISED IN THE INCOME STATEMENT FOR RETIREMENT BENEFIT OBLIGATIONS

(€m)	2017	2016
Current service cost	(2.8)	(2.7)
Interest expense on the obligation	(0.8)	(0.9)
Expected return on plan assets	0.2	0.1
Past service cost	-	-
Expense recognised	**(3.4)**	**(3.5)**
amount recognised in “Staff costs”	(3.4)	(3.5)
Actual return on plan assets	**0.2**	**0.1**

CHANGES IN THE FAIR VALUE OF THE RETIREMENT BENEFIT OBLIGATION AND OF PLAN ASSETS

(€m)	Retirement benefit obligation 2017	Fair value of plan assets 2017	Carrying amount 2017	Carrying amount 2016
Start of period	**47.8**	**(6.4)**	**41.4**	**38.5**
Current service cost for the period	2.8	-	2.8	2.7
Interest cost (unwinding of discount)	0.8	-	0.8	0.9
Reversals of provisions and impairment	(9.1)	-	(9.1)	(5.0)
Actuarial (gains)/losses	1.2	-	1.2	3.7
Changes in scope of consolidation and reclassifications	-	-	-	0.7
Expected return on plan assets	-	(0.2)	(0.2)	(0.1)
Held-for-sale operations	-	-	-	-
End of period	**43.5**	**(6.6)**	**36.9**	**41.4**

Plan assets are in the form of contributions paid into “Fonds Club no. 1”, a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 2% in 2017. As of 31 December 2017, the fund had an estimated fair value of €6.6 million.

7.4 SHAREHOLDERS' EQUITY

7.4.1 Share capital

Accounting policy

Treasury shares acquired by the TF1 group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

As of 31 December 2017, the share capital of TF1 SA consisted of 209,865,742 fully paid ordinary shares. Movements in share capital during 2017 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
1 January 2016	**209,033,985**	**1,487,582**	**210,521,567**
Capital increases	316,693	-	316,693
Purchases of treasury shares*	(2,222,986)	2,222,986	-
Share exchange transaction	2,289,850	(2,289,850)	-
Cancellation of treasury shares	-	(1,420,718)	(1,420,718)
31 December 2016	**209,417,542**	**-**	**209,417,542**
Capital increases	448,200	-	448,200
Purchases of treasury shares*	-	-	-
Share exchange transaction	-	-	-
Cancellation of treasury shares	-	-	-
31 December 2017	**209,865,742**	**-**	**209,865,742**
Par value	*€0.20*	*€0.20*	*€0.20*

* *Treasury shares: see Note 7.4.6 on share buybacks below.*

7.4.2 Earnings per share

Accounting policy

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period. Anti-dilutive instruments are excluded.

Non-dilutive stock subscription option plans are excluded from this calculation.

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of performance share plans, and of stock subscription option plans where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2017	2016
Net profit attributable to the Group *(in millions of euros)*	136.1	41.7
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**209,663,692**	**209,443,632**
Basic earnings per share *(in euros)*	**0.65**	**0.20**
AVERAGE NUMBER OF ORDINARY SHARES AFTER DILUTION	**210,306,111**	**210,006,430**
Diluted earnings per share *(in euros)*	0.65	0.20

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2017	2016
Weighted average number of ordinary shares for the period	209,663,692	209,443,632
Dilutive effect of stock subscription option plans	310,319	402,698
Dilutive effect of performance share plans	332,100	160,100
Average number of ordinary shares after dilution	**210,306,111**	**210,006,430**

In both 2016 and 2017, only share subscription option plan no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

7.4.3 Other transactions with shareholders

For 2017, this line item relates to the remeasurement of liabilities for commitments to buy out non-controlling shareholders, in particular those of Newen Studios.

For 2016, the amounts shown on the line “Other transactions between shareholders” relate primarily to the buyout by TF1 of the Principality of Monaco’s 20% equity interest in the TMC subsidiary, in exchange for TF1 shares.

7.4.4 Other movements (changes in accounting policy and scope of consolidation, other items)

For 2017, this line item in the consolidated statement of changes in shareholders’ equity mainly relates to liabilities for commitments to buy out non-controlling shareholders arising from acquisitions made during the period.

For 2016, this line item mainly related to the recognition of liabilities for commitments to buy out non-controlling shareholders, in particular those of Newen Studios. The movement in the “Non-controlling interests” column related to the inclusion in the consolidated financial statements of the non-controlling interests arising from the consolidation of the Newen group.

7.4.5 Changes in equity not affecting the income statement

Dividends

The proposed dividend in respect of the year ended 31 December 2017, to be paid in 2018, amounts to €73.5 million, or €0.35 per share.

The dividend paid in 2017 in respect of the year ended 31 December 2016 amounted to €58.6 million, or €0.28 per share.

The yield on TF1 shares for each of the last five financial years is presented in section 6.5.3. of the 2017 registration document.

Because the dividend payable in 2018 is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at 31 December 2017.

7.4.6 Share-based payment and stock option plans

7.4.6.1 Past stock option and performance share plan (PSP) awards

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	2017 plan	TF1 2016 PSP	TF1 2017 PSP	Newen PSP
Date of Shareholders' Meeting	14/04/2011	14/04/2011	17/04/2014	17/04/2014	13/04/2017	14/04/2016	13/04/2017	13/07/2016
Date of Board Meeting	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	27/04/2017	26/04/2016	27/04/2017	29/07/2016
Date of grant	10/06/2011	12/06/2012	12/06/2015	08/06/2016	12/06/2017	08/06/2016	12/06/2017	29/08/2016
Type of plan					subscription			performance share
Total number of options/shares awarded	1,500,000	1,437,200	1,308,800	642,000	710,400	170,000	172,000	1,037,401
to corporate officers	*7,200*	*7,200*	*16,000*	*13,000*	*13,000*	-	-	-
to the 10 employees awarded the greatest number	*272,000*	*302,000*	*368,000*	*114,000*	*118,000*	*79,600*	*80,500*	*475,489*
Total number of options/shares awarded subject to performance conditions	1,500,000	1,437,200	1,308,800	642,000	710,400	170,000	172,000	1,037,401
Start date of exercise/vesting period	10/06/2015	12/06/2016	12/06/2018	08/06/2019	12/06/2020	08/06/2019	12/06/2020	31/03/2017
Expiration date	10/06/2018	12/06/2019	12/06/2022	08/06/2023	12/06/2024	08/06/2023	12/06/2024	31/03/2020
Exercise price	€12.47	€6.17	€15.46	€10.99	€11.45	N/A	N/A	N/A
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant		Options may be exercised and shares sold from 3rd anniversary of date of grant		Vesting from 3rd anniversary of date of grant Shares may be sold from 4th anniversary of date of grant			
Number of shares subscribed at 31 December 2017	274,400	603,717	-	-	-	-	-	-
Cumulative number of options/performance shares cancelled, not awarded, or forfeited	192,800	172,400	86,100	32,500	9,900	9,900	-	-
Number of options/performance shares at end of period	1,032,800	661,083	1,222,700	609,500	700,500	160,100	172,000	1,037,401

7.4.6.2 Movement in number of options and performance shares outstanding

	2017		2016	
	Number of options/performance shares	Weighted average subscription/purchase price *(€)*	Number of options/performance shares	Weighted average subscription/purchase price *(€)*
Options/shares outstanding at 1 January	**4,281,483**	**11.03**	**3,932,376**	**11.03**
Options/shares awarded	882,400	9.22	811,600	8.80
Options/shares cancelled, not vested, or forfeited	(157,000)	11.50	(69,800)	11.73
Options/shares exercised	(448,200)	6.59	(316,693)	6.09
Options/shares expired	-	-	(76,000)	5.98
Options/shares outstanding at 31 December	**4,558,683**	**11.01**	**4,281,483**	**11.03**
Options/shares exercisable at 31 December	*1,693,883*	*10.01*	*2,226,083*	*9.31*

A total of 448,200 options were exercised during 2017. The average residual life of options outstanding as of 31 December 2017 was 44 months (compared with 46 months as of 31 December 2016).

7.4.6.3 Share-based payment expense

Accounting policy

TF1 may award stock subscription option plans and performance share plans to its employees (see Note 7.4.6.1).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the opposite entry recognised in equity.

The total expense relating to stock subscription option plans is measured at the date of grant using the Black-Scholes-Merton model, and is recognised on a straight-line basis over the vesting period.

The total expense relating to performance share plans is measured at the date of grant (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

The opposite entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see Note 5.1).

Expense related to stock option plans and performance share plans awarded by the TF1 group

The expense related to stock option plans and performance share plans, as recognised in "Staff costs", breaks down as follows:

				Staff costs	
(€m)	Date of grant	Lock-up period	Residual fair value	2017	2016
Plan no. 13	12/06/2012	4 years	-	-	0.1
Plan no. 14	12/06/2015	3 years	0.5	1.2	1.2
Plan no. 15	08/06/2016	3 years	0.7	0.5	0.3
2017 plan	12/06/2017	3 years	1.1	0.2	-
TF1 2016 PSP	08/06/2016	3 years	0.9	0.6	0.4
TF1 2017 PSP	12/06/2017	3 years	1.6	0.4	-
Newen PSP	29/08/2016	7 months	1.8	1.7	0.5
TOTAL				**4.6**	**2.5**

Stock option plan expense was computed using the Black-Scholes model and the following assumptions:

	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 12	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70
Plan no. 14	€15.46	28%	5.18 years	0.41%	1.57%	-15%	€2.75
Plan no. 15	€10.99	34%	5.14 years	-0.18%	1.81%	-15%	€2.15
2017 plan	€11.45	30%	5.14 years	-0.24%	1.78%	-15%	€1.85

The average maturity used is less than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 stock options with the same maturity.

For 2017, the expense relating to the TF1 performance share plan was determined on the basis of the reference quoted market price of TF1 shares at the date of grant, *i.e.* €11.72.

For 2016, the reference quoted market price of TF1 shares used to determine the expense relating to the TF1 2016 performance share plan was €11.40.

Expense related to employee benefit plans awarded by the Bouygues group

The expense related to plans awarded by the Bouygues group to TF1 employees was not material for 2017.

7.4.6.4 Share buybacks

TF1 did not repurchase any of its own shares during 2017.

In 2016, TF1 repurchased 2,222,986 of its own shares during the second and third quarters for a total amount of €21.4 million.

7.4.6.5 Call options granted to non-controlling interests

The TF1 group had no commitments in place at 31 December 2017 that constituted a call option exercisable by non-controlling interests.

7.4.7 Cash flow hedge reserve

(€m)	2017	2016
Reserve as of 1 January	**1.9**	**1.1**
Cash flow hedges reclassified to profit or loss during the period*	(4.1)	(2.9)
Change in fair value of new cash flow hedges contracted during the period	(2.4)	3.7
Change in fair value of existing portfolio of cash flow hedges during the period	-	-
Reserve as of 31 December	**(4.6)**	**1.9**

* *Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.*

7.5 NET DEBT AND FINANCIAL LIABILITIES

7.5.1 Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	31/12/2016	Cash flows	Changes in scope of consolidation	Other movements	31/12/2017
Cash and cash equivalents	420.2	8.8	66.8	-	495.8
Financial assets used for treasury management purposes	-	-	-	-	-
Available cash	**420.2**	**8.8**	**66.8**	**-**	**495.8**
Interest rate derivatives – assets	-	-	-	-	-
Interest rate derivatives – liabilities	-	-	-	-	-
Fair value of interest rate derivatives	-	-	-	-	-
Non-current debt*	(224.9)	(16.8)	-	9.1	(232.6)
Current debt, excluding overdrafts and short-term bank loans*	(7.8)	(0.3)	-	1.9	(6.2)
Overdrafts and short-term bank loans	(0.8)	0.5	-	-	(0.3)
Total debt	**(233.5)**	**(16.6)**	**-**	**11.0**	**(239.1)**
Net surplus cash (+)/Net debt (-)	**186.7**	**(7.8)**	**66.8**	**11.0**	**256.7**

* *Non-current debt and current debt as of 31 December 2017 include the fair value of the commitments made by TF1 to buy out non-controlling shareholders, primarily in Newen Studios and its subsidiaries.*

7.5.1.1 Cash and cash equivalents

Accounting policy

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts, and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees, joint ventures or associates, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are financial assets classified in the "Loans and receivables" category, and carried at amortised cost.

Cash and cash equivalents consist of the following items:

(€m)	2017	2016
Cash	64.0	52.4
Money-market funds	0.6	0.2
Treasury current accounts*	431.2	367.6
Cash and cash equivalents of continuing operations	**495.8**	**420.2**

* *Includes €431.0 million with Bouygues Relais.*

7.5.2 Financial liabilities

Accounting policy

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost.

- **Financial liabilities at fair value through profit or loss comprise:**
  - **liabilities regarded as held for trading, comprising liabilities incurred principally with a view to their redemption in the near term,**
  - **liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss;**
- **Non-derivative financial liabilities at amortised cost mainly comprise borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.**

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see Note 8.2.2).

- **Commitments to buy out non-controlling interests :**

Commitments to buy out non-controlling interests are recognised as a financial liability, in accordance with IAS 32.

Apart from discounting effects (recognised in "Expenses associated with net debt"), the effects of subsequent changes in the liability are also recognised in equity.

Use of estimates and judgment

The fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bank counterparties. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

The table below shows financial liabilities by category:

2017 *(€m)*	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss: Held for trading	Level*	Commitments to buy out non-controlling interests measured at fair value	Level*	Financial liabilities at amortised cost	Total
Non-current debt	-	-		124.2	III	108.4	232.6
Current debt	-	-		3.5	III	3.0	6.5
Trade and other creditors	-	-		-		1,466.3	1,466.3
Other current financial liabilities	-	-		-		-	-

* *See "Use of estimates and judgment" section of Note 7.3.5.*

2016 *(€m)*	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss: Held for trading	Level*	Commitments to buy out non-controlling interests	Level*	Financial liabilities at amortised cost	Total
Non-current debt	-	-		133.2	III	91.7	224.9
Current debt	-	-		2.9	III	5.7	8.6
Trade and other creditors	-	-		-		1,368.0	1,368.0
Other current financial liabilities	-	-		-		-	-

* *See "Use of estimates and judgment" section of Note 7.3.5.*

Fair value of financial liabilities

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded by the Group as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data at the end of the reporting period (level II method), except for the transactions described below which are measured using Level III criteria as defined in the "Use of estimates and judgment" section of Note 7.3.5.

Commitments to buy out non-controlling interests include a commitment to buy out the non-controlling shareholders of Newen Studios measured at €103 million. Measurement of the liability is dependent mainly upon the level of EBITDA used for the Group. A 5% change in EBITDA (up or down) would change the value of the liability by €7 million in each case.

NOTE 8 RISK MANAGEMENT

8.1 CAPITAL MANAGEMENT POLICY

The TF1 group has a policy of maintaining a stable capital base, apart from share buybacks (see the present Annual Financial Report and registration document).

In terms of equity capital, the Group uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in Note 7.5.1 and of shareholders' equity, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

As of 31 December 2017 and 31 December 2016, the Group had net surplus cash of €256.7 million and €186.7 million respectively, so gearing was zero.

8.2 FINANCIAL RISK MANAGEMENT POLICY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the Treasury unit within the Accounting, Tax, Treasury and Financing department.

8.2.1 Liquidity risk

The Treasury unit is responsible for ensuring that the Group has access to adequate, sustainable and appropriate sources of financing. This involves:

- daily multi-currency pooling of surplus cash held by all entities 100% controlled by TF1, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating credit facilities with phased maturities, and ensuring that such facilities are in place at all times.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

Financing risk

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions, while at the same time optimizing the cost of financing by actively managing and renewing the portfolio of credit facilities. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and not subject to covenants regarding financial ratios, and are backed up by a cash pooling agreement with the Bouygues Group.

2017 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	150.0	865.0	1,015.0	108.0	-	108.0	907.0
Finance leases	(0.0)	0.1	0.1	(0.0)	0.1	0.1	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**150.0**	**865.1**	**1,015.1**	**108.0**	**0.1**	**108.1**	**907.0**

2016 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	115.0	870.0	985.0	90.7	-	90.7	894.3
Finance leases	(0.0)	0.4	0.4	(0.0)	0.4	0.4	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**115.0**	**870.4**	**985.4**	**90.7**	**0.4**	**91.1**	**894.3**

Credit rating

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/negative/A-2 (June 2017).

Maturity of non-derivative financial liabilities

The tables below provide a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2017 *(€m)*	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,466.3	1,466.3	-	1,466.3
Other financial liabilities	239.1	6.5	232.6	239.1
TOTAL	**1,705.4**	**1,472.8**	**232.6**	**1,705.4**

2016 *(€m)*	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,368.0	1,368.0	-	1,368.0
Other financial liabilities	233.5	8.6	224.9	233.5
TOTAL	**1,601.5**	**1,376.6**	**224.9**	**1,601.5**

Investment of surplus cash

The Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses, which must be:

- liquid, *i.e.* immediately accessible (current accounts, interest-bearing instant access accounts, etc.), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk, and with no possibility of a sub-zero rate;
- contracted with high-grade counterparties.

As of 31 December 2017, €431.2 million out of the €495.8 million of net surplus cash was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	2017	2016
Interest-bearing bank account	4.0	14.0
Bouygues Relais cash pooling agreement	431.2	367.6
Other treasury current accounts	60.6	38.6
TOTAL	**495.8**	**420.2**

8.2.2 Market risk

The Group manages its exposure to interest rate risk and exchange rate risk by using hedging instruments such as swap contracts and forward purchases/sales. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Treasury unit monitors the financial markets on a regular basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. The unit submits hedging scenarios to the Accounting, Tax, Treasury and Financing department for approval; once they have been approved, it executes and administers the relevant market transactions.

Accounting policy

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IFRS 13.

The Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- **fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability or of a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;**
- **cash flow hedges, which hedge the exposure to variability in cash flows attributable to:**
  - **an asset or liability such as a floating-rate loan or borrowing,**
  - **a highly probable forecast transaction, or**
  - **foreign exchange risk relating to a firm commitment.**

At the inception of a hedge, the Group formally designates the financial instrument to which hedge accounting will apply, and documents:

- **the hedging relationship;**
- **the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.**

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- **fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;**
- **cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.**

Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

8.2.2.1 Interest rate risk

The objective of the Group's interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate, in order to minimise cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

The schedules below analyse financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2017 *(€m)*	Fixed rate	Floating rate	Fixed rate*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	3.7	492.1	(6.5)	-	(2.8)	492.1	-	-	(2.8)	492.1
1 to 5 years	-	-	(232.6)	-	(232.6)	-	-	-	(232.6)	-
TOTAL	**3.7**	**492.1**	**(239.1)**	**-**	**(235.4)**	**492.1**	**-**	**-**	**(235.4)**	**492.1**

* *Includes commitments to buy out non-controlling interests.*

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2016 *(€m)*	Fixed rate	Floating rate	Fixed rate*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	14.0	406.2	(8.5)	(0.1)	5.3	406.2	-	-	5.3	406.2
1 to 5 years	-	-	(224.9)	-	(224.9)	-	-	-	(224.9)	-
TOTAL	**14.0**	**406.2**	**(233.4)**	**(0.1)**	**(219.6)**	**406.2**	**-**	**-**	**(219.6)**	**406.2**

* *Includes commitments to buy out non-controlling interests.*

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% across the entire yield curve for 2016 and 2017.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

	2017		2016	
(€m)	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
Impact of a movement of +1% in interest rates	4.9	-	4.1	-
Impact of a movement of -1% in interest rates	ns*	-	ns*	-

* *As of 31 December 2017, the level of short-term interest rates is such that TF1 has no material exposure to a fall in interest rates.*

Interest rate derivatives:

The TF1 group has not held any interest rate derivatives since 2011.

8.2.2.2 Foreign exchange risk

Risk of significant fluctuations in the euro/dollar exchange rate, and techniques used to manage that risk

The Group is exposed to the risk of fluctuations in the exchange rate between the euro and the U.S. dollar because it acquires American programmes and consumer goods and pays for them in U.S. dollars.

Consequently, any significant appreciation in the U.S. dollar could have a negative effect on the Group's results.

Over an 18-month time horizon, the risk is managed using appropriate hedging instruments that provide protection against a deterioration in the exchange rate position and eliminate the cash effect over the duration of the hedge.

At the same time, the Group is committed to reducing its exposure to the U.S. dollar by increasing the extent to which it uses the euro as the currency of payment in programme acquisition contracts.

Multi-currency foreign exchange risk

Accounting policy

Foreign currency translation : transactions denominated in foreign currencies carried out by subsidiaries are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

The Group's exposure to foreign exchange risk is of an operating nature. It derives from recurring cash flows under multi-year broadcasting and sports transmission rights acquisition contracts denominated in U.S. dollars and Swiss francs.

During 2017, over 99% of the Group's cash inflows were in euros, 0.6% were in Swiss francs, and 0.4% in U.S. dollars.

As regards cash outflows, 96.2% (including acquisitions of audiovisual rights) were in euros, 3.7% in U.S. dollars, and 0.1% in sterling, Canadian dollars and Swiss francs.

The objective of the Group's foreign exchange risk management policy is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2017:

Equivalent value in euros at 2017 closing exchange rates *(€m)*	**USD(1)**	**GBP**	**CHF(2)**	**Other currencies**	**Total**
Assets	8.5	0.1	4.8	0.2	13.7
Liabilities	(46.2)	-	(0.6)	-	(46.7)
Off balance sheet commitments	(37.0)	-	-	-	(37.1)
Pre-hedging position	**(74.7)**	**0.1**	**4.2**	**0.2**	**(70.1)**
Forwards and futures	77.8	-	-	-	77.8
Currency swaps	13.7	-	-	-	13.7
Net post-hedging position	**16.8**	**0.1**	**4.2**	**0.2**	**21.4**

The table below shows the Group's exposure to foreign exchange risk at 31 December 2016:

Equivalent value in euros at 2016 closing exchange rates *(€m)*	**USD(1)**	**GBP**	**CHF(2)**	**Other currencies**	**Total**
Assets	15.6	0.4	4.0	0.1	20.2
Liabilities	(52.9)	-	(0.5)	-	(53.5)
Off balance sheet commitments	(108.7)	-	-	-	(108.7)
Pre-hedging position	**(146.0)**	**0.4**	**3.5**	**0.1**	**(142.0)**
Forwards and futures	121.1	-	(10.7)	-	110.3
Currency swaps	-	-	-	-	-
Net post-hedging position	**(24.9)**	**0.4**	**(7.2)**	**0.1**	**(31.7)**

1) Net exposure in US dollars: several Group entities (GIE AD, TF1 Droits Audiovisuels), in the context of their activities, subscribe to multi-year rights acquisition contracts that generate off-balance sheet transactions. Dujardin and Téléshopping's inventories are mainly paid for in US dollars. TF1 SA covers general expenses in US dollars.
(2) Net exposure in Swiss francs (CHF): the exposure mainly concerns TF1 day-to-day business; forward transactions in Swiss francs (CHF) are only for future cash flows.

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying that 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of foreign exchange instruments in place at the end of the reporting period, applying the accounting treatments specified in IFRS 13.

	2017				2016			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	(0.2)	-	(0.6)	0.6	0.2	(0.3)	(1.2)	1.2
GBP	-	-	-	-	-	-	-	-
CHF	-	-	-	-	0.1	(0.1)	-	-
Other currencies	-	-	-	-	-	-	-	-
TOTAL	**(0.2)**	**-**	**(0.6)**	**0.6**	**0.3**	**(0.4)**	**(1.2)**	**1.2**

As of 31 December 2017, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net foreign-currency accounting position arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies involved would be +€0.6 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2016 was +€1.2 million.

Analysis of foreign exchange derivative instruments by currency

The tables below analyse foreign exchange hedging instruments by currency at the end of the reporting period:

		Nominal amount of hedges				Fair value *(in euros)*	
		Total foreign-currency amount	Amount in euros				
31 December 2017 *(in millions)*	Currency		Total	Less than 1 year	1 to 5 years	Total amount	Of which designated as cash flow hedges
Currency swaps	USD	16.4	13.7	13.7	-	(0.1)	(0.1)
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	93.3	77.8	67.5	10.2	(6.6)	(6.6)
Forward sales	CHF	-	-	-	-	-	-
TOTAL			**91.4**	**81.2**	**10.2**	**(6.8)**	**(6.8)**

		Nominal amount of hedges				Fair value *(in euros)*	
		Total foreign-currency amount	Amount in euros				
31 December 2016 *(in millions)*	Currency		Total	Less than 1 year	1 to 5 years	Total amount	Of which designated as cash flow hedges
Currency swaps	USD	-	-	-	-	-	-
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	127.6	121.1	96.1	25.0	4.9	4.9
Forward sales	CHF	11.5	10.7	10.7	-	(0.0)	(0.0)
TOTAL			**131.8**	**106.8**	**25.0**	**4.8**	**4.8**

The nominal amount represents the amount sold or purchased forward in the currency.

Fair value is the difference between (i) the nominal amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the nominal amount translated into euros at closing exchange rates.

Accounting classification and treatment

All foreign exchange instruments used by the Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, they are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the relevant criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sports transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Total fair value of financial instruments
2017				
Foreign exchange instruments – assets	-	-	-	-
Foreign exchange instruments – liabilities	(0.1)	-	(6.6)	(6.7)
TOTAL	**(0.1)**	**-**	**(6.6)**	**(6.7)**
2016				
Foreign exchange instruments – assets	-	-	4.9	4.9
Foreign exchange instruments – liabilities	-	-	-	-
TOTAL	**-**	**-**	**4.9**	**4.9**

Change in fair value of foreign exchange instruments

Changes in the fair value of foreign exchange instruments that qualify for hedge accounting consist of two elements:

- an effective portion (*i.e.* the portion closely correlated to changes in the fair value of the hedged items), which is recognised in remeasurement reserves as a component of equity;
- an ineffective portion.

The table below shows changes in the fair value of foreign exchange instruments during 2016 and 2017:

CHANGE IN FAIR VALUE OF FOREIGN EXCHANGE INSTRUMENTS

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Total
2017	**(0.1)**	**-**	**(11.4)**	**(11.5)**
effective portion	-	-	(11.8)	-
ineffective portion	(0.1)	-	0.5	-
2016	**0.0**	**-**	**1.2**	**1.3**
effective portion	-	-	(0.5)	-
ineffective portion	0.0	-	1.7	-

Counterparty risks

The Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2017, no single customer of the Group represented more than 3% of consolidated revenue.

The five largest customers represented no more than 10% of consolidated revenue.

The ten largest customers represented no more than 15% of consolidated revenue.

In 2017, no single supplier of the TF1 group represented more than 4% of consolidated revenue.

The five largest suppliers represented no more than 15% of consolidated revenue.

The ten largest suppliers represented no more than 25% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as production studios.

Risk of non-recovery of debtors

2017 (€m)	Carrying amount	Not past due	Past due			
			Total	< 6 months	6-12 months	> 12 months
Trade debtors	661.3	587.8	73.5	65.6	4.0	3.9
Provisions for impairment of trade debtors	(5.1)	-	(5.1)	(0.9)	(2.3)	(1.9)
TOTAL TRADE DEBTORS, NET	**656.2**	**587.8**	**68.4**	**64.7**	**1.7**	**2.0**

2016 *(€m)*	**Carrying amount**	**Not past due**	**Past due**			
			Total	**< 6 months**	**6-12 months**	**> 12 months**
Trade debtors	584.7	504.8	79.9	63.7	5.0	11.2
Provisions for impairment of trade debtors	(10.0)	-	(10.0)	(0.7)	(3.2)	(6.1)
TOTAL TRADE DEBTORS, NET	**574.7**	**504.8**	**69.9**	**63.0**	**1.8**	**5.1**

In 2016, the TF1 group introduced a trade debtor management software program with recovery, risk management and financial information modules.

This program has standardised reminder processes across the Group's vendors, and bolstered the resources dedicated to revenue collection.

This has helped keep the risk of non-payment by customers to less than 0.20% of total annual billings.

Advertising airtime sales

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have often become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy for managing the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are aware. Those terms include:

- upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If those payment terms are rejected, TF1 Publicité may refuse to sell airtime to the buyer;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

Subscriptions to Pay-TV channels

There is no significant risk of non-recovery as regards revenues payable by cable operators in France.

Consumer activities

The Home Shopping business is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

Rights sales

Rights sales within France present little risk since the main customers are French broadcasters and ISP/video operators, who are relatively few in number and are high grade counterparties with no history of payment default.

Risks are also limited as regards rights sales outside France, because the media needed to exploit the audiovisual works are not supplied until after the majority of the contractual amounts due have been paid.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see Note 8.2.1 on liquidity risk).

NOTE 9 OTHER NOTES TO THE FINANCIAL STATEMENTS

9.1 OFF BALANCE SHEET COMMITMENTS

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: Note 7.1.2 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and Note 8.2.1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the Group.

The various types of commitments given and received by the Group are described below:

Guarantee commitments

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television transmission services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities.

Other reciprocal contractual commitments

This comprises commitments given or received under various contracts not associated with the recurring operations of Group companies.

Operating leases

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the end of the reporting period. Only leases that are material to the Group are included. Most of the leases included relate to property, in particular the premises occupied by TF1 subsidiaries.

Finance leases

This item shows the minimum future lease payments under finance leases outstanding at the end of the reporting period.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

9.1.1 Guarantee commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.8	-	11.2	14.0	15.5
Guarantee commitments given	**2.8**	**-**	**11.2**	**14.0**	**15.5**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	-	-	-	1.7
Guarantee commitments received	**-**	**-**	**-**	**-**	**1.7**
Guarantee commitments, net	**2.8**	**-**	**11.2**	**14.0**	**13.8**

9.1.2 Reciprocal contractual commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
Miscellaneous contractual commitments					
Image transmission	24.7	57.0	0.5	82.2	91.2
Commitments relating to equity interests*	365.0	-	-	365.0	7.3
Other items	66.2	45.9	-	112.1	51.7
Miscellaneous contractual commitments given	**455.9**	**102.9**	**0.5**	**559.3**	**150.2**
Image transmission	24.7	57.0	0.5	82.2	91.2
Commitments relating to equity interests*	365.0	-	-	365.0	7.3
Other items	66.2	45.9	-	112.1	50.0
Miscellaneous contractual commitments received	**455.9**	**102.9**	**0.5**	**559.3**	**148.5**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**1.7**

* *In 2017, commitments relating to equity interests include commitments relating to the acquisition of the aufeminin group (see Note 1, "Significant events of the year").*

9.1.3 Operating leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
Operating leases					
Operating lease commitments given	13.9	49.1	15.4	78.4	68.6
Operating lease commitments received	13.9	49.1	15.4	78.4	68.6
OPERATING LEASE COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

9.1.4 Finance leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
FINANCE LEASES (ALREADY RECOGNISED IN THE BALANCE SHEET)	**-**	**-**	**-**	**-**	**-**

9.2 RELATED PARTY INFORMATION

9.2.1 Executive remuneration

Total remuneration paid during 2017 to key executives of the Group (*i.e.* the 10 members of the TF1 Executive Committee mentioned in the registration document) was €7.5 million, comprising:

(€m)	2017	2016
Fixed remuneration	4.7	5.1
Variable remuneration and benefits in kind	2.8	1.0

Additional information:

- the portion of expenses relating to stock options and performance shares awarded to these key executives was €0.8 million for the year ended 31 December 2017;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €1.7 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2017 to the investment fund of the insurance company which manages the scheme was €0.4 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

9.2.2 Transactions with other related parties

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2017	2016	2017	2016	2017	2016	2017	2016
Parties with an ownership interest	47.9	42.8	(16.4)	(16.3)	443.8*	381.0*	11.7	8.6
Joint ventures	0.4	0.2	-	-	2.0	1.6	-	-
Associates	-	7.6	-	(6.0)	-	5.5	-	6.7
Other related parties	-	-	-	-	-	-	-	-
TOTAL	**48.3**	**50.6**	**(16.4)**	**(22.3)**	**445.8**	**388.1**	**11.7**	**15.3**

* *Primarily the Bouygues Relais cash pooling agreement (see Note 8.2.1).*

In 2017, agreements entered into with joint ventures and associates relate primarily to operating transactions in the ordinary course of business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements entered into with parties with an ownership interest comprise agreements with Bouygues SA and with other Bouygues group companies that are subsidiaries of Bouygues SA. Those agreements are of an ordinary commercial nature (including in particular sales of advertising airtime to Bouygues Telecom), except in the case of transactions with Bouygues Relais under the short-term cash pooling agreement.

The off balance sheet commitments reported in Note 9.1 do not include any material commitments to related parties.

9.3 AUDITORS' FEES

The table below shows fees paid by the Group to its auditors:

	Mazars				EY				KPMG				Other audit firms			
	Amount		%		Amount		%		Amount		%		Amount		%	
(€m)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Audit of consolidated and individual company financial statements	**(778)**	**(781)**	**92%**	**98%**	**(660)**	**(152)**	**88%**	**70%**	**-**	**(460)**	**-**	**92%**	**(402)**	**(399)**	**92%**	**88%**
- TF1 SA	(219)	(111)			(214)	(105)			-	(206)			-	-		
- Subsidiaries	(559)	(670)			(446)	(47)			-	(254)			(402)	(399)		
Other procedures and services related directly to the audit engagement	**(66)**	**(15)**	**8%**	**2%**	**(90)**	**(65)**	**12%**	**30%**	**-**	**(38)**	**-**	**8%**	**(37)**	**(52)**	**8%**	**12%**
- TF1 SA	(32)	-			(86)	(65)			-	(35)			-	(52)		
- Subsidiaries	(34)	(15)			(4)	-			-	(3)			(37)	-		
Audit-related fees	**(844)**	**(796)**	**100%**	**100%**	**(750)**	**(217)**	**100%**	**100%**	**-**	**(498)**	**0%**	**100%**	**(439)**	**(451)**	**100%**	**100%**
Other services provided by audit firms to fully consolidated subsidiaries																
Company law, tax and employment law	-	(1)	-	0%	-	-	-	-	-	-	-	-	-	-	-	-
Other (if > 10% of audit-related fees)	-	-	-	-	-	-	-	-	(34)	-	100%	-	-	-	-	-
Other fees	**-**	**(1)**	**-**	**0%**	**-**	**-**	**-**	**-**	**(34)**	**-**	**100%**	**0%**	**-**	**-**	**-**	**-**
Total auditors' fees	**(844)**	**(797)**	**100%**	**100%**	**(750)**	**(217)**	**100%**	**100%**	**(34)**	**(498)**	**100%**	**100%**	**(439)**	**(451)**	**100%**	**100%**

The amount of fees paid by TF1 group to its Statutory Auditors for their work involving the certification of the individual and consolidated financial statements comes to €1.8 million for the 2017 financial year.

The amount of fees for services other than the certification of the financial statements (other duties and services directly related to the mission of the Statutory Auditors as well as the other services provided by their networks to fully integrated subsidiaries) amounts to €0.2 million for the Group in 2017 (CSR report, certifications and advisory services relating to the transactions that took place over the financial year).

9.4 DEPENDENCE ON LICENCES

TF1 is an audiovisual communications service that requires a licence.

The law of 30 September 1986, as amended by Law 2007-309 of 5 March 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

In addition, the following subsidiaries hold digital terrestrial broadcasting licences, awarded on 10 June 2003: LCI, TMC and TFX (NT1). Those licences expire on 29 February 2020. The subsidiary TF1 Séries Films also holds a digital terrestrial broadcasting licence, awarded on 12 December 2012 for a ten-year period.

9.5 DETAILED LIST OF COMPANIES INCLUDED IN THE CONSOLIDATION

Consolidation methods

Subsidiaries

Subsidiaries are entities over which TF1 exercises control. TF1 controls an entity where it has (i) power over the entity, (ii) exposure, or rights, to variable returns from its involvement with the entity, and (iii) the ability to affect its returns. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

The Group accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, 100% of all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Non-controlling interests in equity and in net profit are identified separately under "Non-controlling interests" in the consolidated balance sheet and the consolidated income statement.

Joint ventures

Joint ventures are equity investees over which TF1 contractually shares control with one or more other parties.

Joint ventures are accounted for by the equity method.

Associates

An associate is an entity over which TF1 exercises significant influence, which means that it has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

The Group accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

Translation of the financial statements of foreign entities

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity. On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

Company	Country	Activity	31 December 2017 % interest	31 December 2017 Method	31 December 2016 % interest	31 December 2016 Method
Broadcasting						
TF1 SA	**France**	**Broadcasting**	**Parent company**	**-**	**Parent company**	**-**
Tele Monte-Carlo	Monaco	Theme channel	100.00%	Full	100.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
La Chaine Info	France	Theme channel	100.00%	Full	100.00%	Full
TMC Regie	France	TMC advertising airtime sales	-	-	100.00%	Full
TF1 Publicite	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
La Place Media	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
Ouest Info	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 Films Production	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 Production	France	Programme production	100.00%	Full	100.00%	Full
Aphelie	France	Real estate company	100.00%	Full	100.00%	Full
Firelie	France	Real estate company	-	-	100.00%	Full
Perelie	France	Real estate company	-	-	100.00%	Full
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
Bonzai Digital	France	Digital marketing consultancy	100.00%	Full	100.00%	Full
Gie TF1 Acquisitions de Droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TV Breizh	France	Theme channel	100.00%	Full	100.00%	Full
Serie Club	France	Theme channel	50.01%	Equity	50.01%	Equity
Histoire	France	Theme channel	100.00%	Full	100.00%	Full
Ushuaia TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 Distribution	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 Thematiques	France	Theme channels holding company	-	-	100.00%	Full
Monte-Carlo Participations	France	TMC holding company	100.00%	Full	100.00%	Full
TF1 Digital Content	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
PRÉFAS 18	France	Holding company	-	-	100.00%	Full
TF1 Expansion	France	Holding company	100.00%	Full	100.00%	Full
Minutebuzz	France	Digital content management	70.90%	Equity	-	-
Groupe AB	France	Audiovisual production, scheduling & broadcasting	-	-	33.50%	Equity
Studios & Entertainment						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 Droits Audiovisuels	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 International	France	Exploitation of audiovisual rights	-	-	100.00%	Full
Teleshopping	France	Home shopping	100.00%	Full	100.00%	Full
Top Shopping	France	Retail distribution	100.00%	Full	100.00%	Full
Direct Optic Participations	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 Video	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 Entertainment	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
Dujardin	France	Producer of board/card games	100.00%	Full	100.00%	Full
Une Musique	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS Evenements	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 Events	France	Event management	100.00%	Full	100.00%	Full

Company	Country	Activity	31 December 2017		31 December 2016	
			% interest	Method	% interest	Method
Newen Studios	France	Holding company	100.00%	Full	100.00%	Full
FLCP Developpement	France	Holding company	-	-	100.00%	Full
Neweb	France	Holding company	100.00%	Full	100.00%	Full
Neweb Factory	France	Audiovisual production	-	-	78.52%	Full
Neweb Developpement	France	Audiovisual production	82.44%	Full	78.52%	Full
Factory Eleven	France	Audiovisual production	82.44%	Full	78.52%	Full
Neweb Regie	France	Audiovisual production	82.44%	Full	78.52%	Full
CUP Holding	France	Audiovisual production	82.28%	Full	78.36%	Full
CUP Interactive Sas	France	Audiovisual production	82.28%	Full	78.36%	Full
Newen	France	Audiovisual production	100.00%	Full	100.00%	Full
CAPA Developpement	France	Holding company	88.09%	Full	88.09%	Full
CAPA Presse	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA Entreprise	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA Prod	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA Drama	France	Audiovisual production	88.09%	Full	88.09%	Full
Explorer	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA Pictures	France	Audiovisual production	79.28%	Full	79.28%	Full
TF et Associes	France	Holding company	100.00%	Full	100.00%	Full
Telfrance	France	Audiovisual production	100.00%	Full	100.00%	Full
Neria Productions	France	Audiovisual production	100.00%	Full	100.00%	Full
SNC Editions Musicales Boxeur De Lune	France	Audiovisual production	100.00%	Full	100.00%	Full
Newen Distribution	France	Audiovisual production	100.00%	Full	100.00%	Full
Telfrance Serie	France	Audiovisual production	100.00%	Full	100.00%	Full
Mima Production	France	Audiovisual production	100.00%	Full	100.00%	Full
Blue Spirit Holding	France	Audiovisual production	100.00%	Full	100.00%	Full
Blue Spirit Production	France	Audiovisual production	100.00%	Full	100.00%	Full
Blue Spirit Studio	France	Audiovisual production	100.00%	Full	100.00%	Full
Sinematik	Belgium	Audiovisual production	100.00%	Full	100.00%	Full
Studio Blue Spirit Canada	Canada	Audiovisual production	100.00%	Full	100.00%	Full
Studios De Marseille	France	Audiovisual production	100.00%	Full	100.00%	Full
Boxeur De Lune	France	Audiovisual production	-	-	100.00%	Full
Neria Presse	France	Audiovisual production	100.00%	Full	100.00%	Full
Telfrance B	France	Audiovisual production	-	-	100.00%	Full
Telecip	France	Audiovisual production	100.00%	Full	100.00%	Full
Barjac Production	France	Audiovisual production	100.00%	Full	100.00%	Full
Costumes Et Deco	France	Audiovisual production	100.00%	Full	100.00%	Full
Seenova	France	Audiovisual production	100.00%	Full	100.00%	Full
Royal Me Up Productions	France	Audiovisual production	80.00%	Full	80.00%	Full
And So On	France	Audiovisual production	100.00%	Full	100.00%	Full
Yellow Thing	France	Audiovisual production	33.34%	Equity	33.33%	Equity
Abrafilms	France	Audiovisual production	80.00%	Full	80.00%	Full
LVPB	France	Audiovisual production	100.00%	Full	100.00%	Full
Studios Post & Prod	France	Audiovisual production	100.00%	Full	100.00%	Full
17 Juin Developpement et Participations	France	Holding company	69.63%	Full	69.63%	Full
17 Juin Developpement	France	Holding company	69.04%	Full	69.06%	Full

Company	Country	Activity	31 December 2017		31 December 2016	
			% interest	Method	% interest	Method
17 Juin Media	France	Audiovisual production	69.04%	Full	69.06%	Full
17 Juin Fiction	France	Audiovisual production	69.04%	Full	69.06%	Full
17 Juin Prod	France	Audiovisual production	69.04%	Full	69.06%	Full
Pulsations	France	Audiovisual production	69.04%	Full	69.06%	Full
Pulsations Multimedia	France	Audiovisual production	69.04%	Full	69.06%	Full
Boxeur 7	France	Audiovisual production	100.00%	Full	100.00%	Full
Capa Series	France	Audiovisual production	88.09%	Full	88.09%	Full
Production Valley	France	Audiovisual production	100.00%	Full	100.00%	Full
Taronja Prod	France	Audiovisual production	100.00%	Full	100.00%	Full
Post & Prod 7	France	Audiovisual production	-	-	100.00%	Full
Tooco	France	Audiovisual production	66.00%	Full	66.00%	Full
Rendez Vous Production Series	France	Audiovisual production	100.00%	Full	100.00%	Full
Blue Spirit Lab	France	Audiovisual production	100.00%	Full	100.00%	Full
Beauty Holding	France	Audiovisual production	82.44%	Full	78.52%	Full
Devtribu	France	Audiovisual production	82.44%	Full	78.52%	Full
Capa Participation	France	Holding company	-	-	100.00%	Full
Studios de Sète	France	Audiovisual production	100.00%	Full	-	-
CAPA VS3	France	Audiovisual production	100.00%	Full	-	-
Les Films A5	France	Audiovisual production	88.09%	Full	-	-
Tuvalu Media Group BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Tuvalu Media BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Tuvalu Digital BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Column Films Nederland BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Waterland Services BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Waterland Films BV	Netherlands	Audiovisual production	100.00%	Full	-	-
Age Of Media Network BV	Netherlands	Audiovisual production	42.50%	Equity	-	-
Play 2	France	Music production	25.00%	Full	-	-
Capa Events	France	Audiovisual production	88.09%	Full	-	-
CCCP Televisie BV	Netherlands	Audiovisual production	51.00%	Full	-	-
Prod 360	France	Audiovisual production	100.00%	Full	-	-
Tuvalu Media Netherlands BV	Netherlands	Holding company	100.00%	Full	-	-
Newen Netherlands Management BV	Netherlands	Holding company	100.00%	Full	-	-
Just Kids	France	Audiovisual production	100.00%	Full	-	-
Newen Distribution Ltd	UK	Holding company	100.00%	Full	-	-
Mayane Communication	France	Website management	72.76%	Full	-	-

9.6 EVENTS AFTER THE REPORTING PERIOD

Acquisition of a majority equity interest in aufeminin

The TF1 group submitted a binding offer on 13 December 2017 to acquire the majority equity interest (78.4%) in the aufeminin group held by the Axel Springer group.

On 17 January 2018 the TF1 group and the Axel Springer group signed an acquisition agreement for a total consideration of €364.8 million, subject to customary adjustments at the completion date.

The transaction is currently pending clearance from the French Competition Authority. The TF1 group will file a mandatory simplified tender offer for the remaining shares at the same price once the acquisition has been completed.

4.3 INDIVIDUAL FINANCIAL STATEMENTS

4.3.1 INDIVIDUAL INCOME STATEMENT (FRENCH GAAP)

(€m)	*Note*	2017	2016
Operating income		**1,301.8**	**1,326.3**
TF1 channel advertising revenue	*2.12 & 4.1*	1,150.2	1,188.5
Revenue from other services		8.3	6.2
Income from ancillary activities		10.0	6.2
Revenue		**1,168.5**	**1,200.9**
Inventorised production		0.4	0.1
Capitalised production		0.1	2.2
Operating grants		0.0	0.0
Reversals of depreciation, amortisation, provisions and impairment		41.4	32.4
Cost transfers	*4.2*	86.4	85.8
Other income		5.0	4.9
Operating expenses		**(1,223.0)**	**(1,295.5)**
Purchases of raw materials and other supplies	*4.3*	(504.4)	(550.4)
Change in inventory	*4.3*	(59.1)	(36.0)
Other purchases and external charges	*4.4*	(205.1)	(265.0)
Taxes other than income taxes	*4.5*	(86.0)	(90.0)
Wages and salaries	*4.6*	(144.0)	(146.1)
Social security charges	*4.6*	(62.4)	(61.2)
Depreciation, amortisation, provisions and impairment			
■ amortisation of co-productions already transmitted		(5.7)	(4.4)
■ amortisation and depreciation of other non-current assets		(27.3)	(16.3)
■ impairment of non-current and current assets		(74.3)	(62.9)
■ provisions for liabilities and charges		(5.0)	(11.9)
Other expenses	*4.7*	(49.7)	(51.3)
Operating profit		**78.8**	**30.8**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		170.2	457.1
Financial expenses		(157.6)	(165.3)
Net financial income/(expense)	***4.8***	**12.6**	**291.8**
Profit before tax and exceptional items		**91.4**	**322.6**
Exceptional income		**131.5**	**147.9**
Exceptional income from operating transactions		13.5	0.1
Exceptional income from capital transactions		105.3	138.5
Reversals of provisions and impairment		12.7	9.3
Exceptional expenses		**(93.2)**	**(361.8)**
Exceptional expenses on operating transactions		(4.8)	0.0
Exceptional expenses on capital transactions		(82.9)	(356.2)
Depreciation, amortisation, provisions and impairment		(5.5)	(5.6)
Exceptional items	***4.9***	**38.3**	**(213.9)**
Employee profit-sharing		0.0	0.0
Income taxes	*4.10 & 4.11*	1.9	22.8
NET PROFIT		**131.6**	**131.5**

4.3.2 INDIVIDUAL BALANCE SHEET (FRENCH GAAP)

Assets *(€m)*	**Note**	**31.12.2017 Net**	**31.12.2016 Net**
Intangible assets	**2.2 & 3.1**	**36.9**	**36.8**
Audiovisual rights		27.8	24.4
Other intangible assets		9.1	12.4
Property, plant and equipment	**2.3 & 3.2**	**25.3**	**25.2**
Technical facilities		6.2	7.7
Other property, plant and equipment		18.2	17.5
Property, plant and equipment under construction		0.9	0.0
Non-current financial assets	**2.4 & 3.3**	**816.3**	**868.9**
Investments in subsidiaries and affiliates		816.2	868.7
Other long-term investment securities		0.0	0.0
Loans receivable		0.0	0.0
Other non-current financial assets		0.1	0.2
Non-current assets		**878.5**	**930.9**
Inventories and work in progress	**2.5 & 3.4**	**123.7**	**179.0**
Broadcasting rights available for initial transmission		79.5	121.1
Broadcasting rights available for retransmission		41.9	56.0
Broadcasting rights in progress		2.3	1.9
Advance payments	2.6 & 3.5.1	117.9	112.9
Trade debtors	2.7 & 3.5.2	288.0	255.3
Other debtors	3.5.3	445.7	329.8
Short-term investments and cash	2.8 & 3.6	621.3	602.6
Prepayments	3.7	4.4	2.5
Current assets		**1,601.0**	**1,482.1**
Unrealised foreign exchange losses		3.1	0.0
TOTAL ASSETS		**2,482.6**	**2,413.0**

Liabilities and shareholders' equity *(€m)*	Note	31.12.2017	31.12.2016
Share capital		42.0	41.8
Share premium		16.5	13.6
Legal reserve		4.3	4.3
Other reserves		774.8	774.8
Retained earnings		484.8	412.1
Net profit for the year		131.6	131.5
Restricted provisions	2.10	16.4	19.9
Shareholders' equity	**3.8**	**1,470.4**	**1,398.0**
Provisions for liabilities and charges	**2.11 & 3.9**	**96.9**	**122.8**
Bank borrowings(1)		0.0	0.0
Other borrowings(2)		286.2	308.8
Trade creditors		209.5	216.5
Tax and employee-related liabilities		149.7	139.2
Amounts payable in respect of non-current assets		4.9	2.5
Other liabilities		260.2	219.8
Deferred income		4.8	3.2
Liabilities	**3.10**	**915.3**	**890.0**
Unrealised foreign exchange gains		0.0	2.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,482.6**	**2,413.0**
(1) of which bank overdrafts and bank accounts in credit		*0.0*	*0.0*
(2) of which intra-Group current accounts		*286.2*	*308.8*

4.3.3 INDIVIDUAL CASH FLOW STATEMENT (FRENCH GAAP)

Cash flow statement *(€m)*	2017	2016
1 – Operating activities		
■ Net profit for the year	131.6	131.5
■ Depreciation, amortisation, provisions and impairment[(1)(2)]	22.2	(46.8)
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain)/loss on disposals of non-current assets	(26.1)	214.3
Operating cash flow before changes in working capital	**127.7**	**299.0**
■ Acquisitions of television programmes[(2)]	(2.1)	(3.1)
■ Amortisation and impairment of television programmes[(2)]	2.0	4.3
■ Inventories	55.4	26.0
■ Trade and other operating debtors	(153.7)	(47.2)
■ Trade and other operating creditors	43.2	0.6
■ Advance payments received from third parties, net	(5.0)	27.0
Change in operating working capital needs	**(60.2)**	**7.6**
Net cash generated by/(used in) operating activities	**67.5**	**306.6**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets[(1)(2)]	(77.8)	(62.0)
■ Disposals of property, plant & equipment and intangible assets[(1)(2)]	0.0	0.2
■ Acquisitions of investments in subsidiaries and affiliates and own shares	0.0	(227.5)
■ Disposals/reductions of investments in subsidiaries and affiliates	104.8	138.1
■ Net change in amounts payable in respect of non-current assets	2.4	(1.3)
■ Net change in other non-current financial assets	0.1	0.0
Net cash generated by/(used in) investing activities	**29.5**	**(152.5)**
3 – Financing activities		
■ Change in shareholders' equity	2.9	1.9
■ Net change in debt	(22.6)	(185.4)
■ Dividends paid	(58.6)	(167.2)
Net cash generated by/(used in) financing activities	**(78.3)**	**(350.7)**
TOTAL CHANGE IN CASH POSITION	**18.7**	**(196.6)**
Cash position at beginning of period	602.6	799.2
Change in cash position	18.7	(196.6)
Cash position at end of period	621.3	602.6

(1) Excludes television programmes recognised as non-current assets.
(2) Acquisitions, consumption, disposals and retirements of television programmes, which are accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

4.4 NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

The individual financial statements for the year ended 31 December 2017 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on 15 February 2018, and will be submitted for approval by the shareholders at the forthcoming Annual General Meeting to be held on 19 April 2018.

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NOTE 1 SIGNIFICANT EVENTS

Sale of 33.5% of Groupe AB to Mediawan SA

On 31 March 2017, TF1 sold its 33.5% equity interest in Groupe AB to Mediawan SA.

Sale of equity interest in Teads to Altice

On 22 June 2017, TF1 sold its entire equity interest in Teads to Altice.

Exclusive discussions between the TF1 group and the Axel Springer group

On 12 December 2017, the TF1 group submitted a binding offer to the Axel Springer group with a view to acquiring the latter's 78.43% stake in the aufeminin group.

An agreement was signed on 18 January 2018 (see Note 6, "Events after the reporting period").

NOTE 2 ACCOUNTING POLICIES

The accounting policies described below have been applied in compliance with the principles of prudence, lawfulness and fairness in order to represent faithfully the company's assets, liabilities and financial position and the results of its operations, in accordance with the following fundamental concepts:

- going concern;
- consistency of method from one period to the next;
- accrual basis of accounting;

and in accordance with the general rules applicable to the preparation and presentation of annual individual company financial statements in France.

The basic method used for measuring items recorded in the books of account is the historical cost method.

2.1 COMPARABILITY OF THE FINANCIAL STATEMENTS

There were no changes in accounting policy during the year ended 31 December 2017.

2.2 INTANGIBLE ASSETS

2.2.1 Audiovisual rights

Audiovisual rights comprise:

- television programmes intended for broadcast on the TF1 channel;
- other user rights.

2.2.1.1 Television programmes

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme production shares and the other party agrees to deliver the programme in question.

Television programmes are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.

Where programmes are acquired for two or more transmissions, they are amortised as follows, according to the type of programme:

Type of programme	Dramas with a running time of at least 52 minutes	Cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes" in the table above refers to children's programmes (other than cartoons), light entertainment, and factual/documentary programmes.

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

Tax depreciation is charged against television programmes not yet transmitted in accordance with the policies described in Note 2.10, "Restricted provisions".

Television programmes break down as follows:

Programmes available for initial transmission
This line records programmes available for initial transmission on the TF1 channel.

Programmes available for retransmission
Programmes that are still available for repeat broadcasts are recorded on this line.

Programmes in progress
This line is used to record screenplays and other texts that have not yet gone into production. The amount reported represents the sums actually paid as at the end of the reporting period. The treatment of future contractual payments is described in the section on intangible assets arising from payments made to secure programming schedules for future years.

This line also includes programmes where shooting has been completed but technical acceptance and/or opening of rights has yet to occur.

2.2.1.2 Other user rights

In addition to broadcasting rights to certain programmes, TF1 SA also invests in producer shares, so that it can secure ownership of related tangible and intangible assets, in particular user rights to programmes.

Payments for producer shares are definitively recognised as intangible assets when (i) technical acceptance has occurred and (ii) the rights period has opened for the broadcasting rights acquired in parallel with the producer shares.

Payments made for producer shares before the conditions for recognition are met are recognised in the balance sheet as intangible assets in progress.

Producer shares are amortised over their expected useful lives.

A provision for impairment is recognised if expected future revenues are lower than the carrying amount of the asset.

Tax depreciation is charged against production shares in accordance with the policies described in Note 2.10, “Restricted provisions”.

2.2.2 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation periods and methods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	3 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections, primarily derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls significantly below acquisition cost other than on a temporary basis, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in Note 2.10, “Restricted provisions”.

2.5 INVENTORIES AND WORK IN PROGRESS

2.5.1 General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Payments made before the conditions for recognition are met are recognised in the balance sheet under “Advance payments”.

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in the contract:

Type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials, cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

- Programmes individually valued in the contract: consumption reflects the contract price.

“Other programmes” in the table on the previous page refers to children’s programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the end of the reporting period are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in “Advance payments”; these contracts are discussed in the section on inventories.

2.5.2 Broadcasting rights available for initial transmission

Broadcasting rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

2.5.3 Broadcasting rights available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

2.6 ADVANCE PAYMENTS

This line also includes (i) sums paid to acquire rights to broadcast programmes for which technical acceptance and/or opening of rights has yet to occur and (ii) sums paid for co-production shares in programmes where shooting has not been completed at the end of the reporting period. A provision for impairment may be taken against advance payments where necessary.

Payments made to purchase sports transmission rights are recognised in “Advance payments” until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2.7 TRADE DEBTORS

Trade debtors are recognised at face value.

Doubtful accounts (comprising customers who are subject to bankruptcy proceedings or whose solvency is questionable) are written down *via* an impairment provision of between 30% and 100%, depending on the age of the debt and the situation of the debtor.

Disputed accounts with non-doubtful customers are written down *via* an impairment provision, estimated by reference to the age of the debt as follows:

Age of debt	Write-down
1 to 2 years	25%
2 to 3 years	50%
3 to 4 years	75%
4 to 5 years	100%

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current account debit balances are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in “Other borrowings”.

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS/LOSSES

Invoices received and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency payables/receivables at the end of the financial year are translated using the exchange rate prevailing as of 31 December. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

The company also recognizes unrealised gains and losses arising on currency hedges associated with payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees (see Note 5.2.1).

Any unrealised foreign exchange losses arising as a result are covered by a provision included in “Provisions for liabilities and charges”.

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on production shares for television programmes not yet transmitted and other user rights, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on 3 July 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

- tax depreciation of software and licences acquired on or before 31 December 2016 or developed internally, in addition to the accounting depreciation recognised in the balance sheet;
- tax depreciation on transaction costs on acquisitions of equity interests, calculated over 5 years on a straight line basis.

2.11 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

The company's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by pension funds.

TF1 SA employees belong to general and top-up French pension schemes. These are defined-contribution plans, under which the company's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. These actuarial gains and losses are recognised in the income statement, as charges to or reversals of provisions for liabilities and charges.

2.11.2 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions are reported on a non-netted basis in "Revenue" and in "External charges".

2.13 OFF BALANCE SHEET COMMITMENTS

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2.14 FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. That exposure arises from transactions carried out by TF1 SA itself, and from foreign exchange guarantees provided to subsidiaries as part of the Group's centralised foreign exchange risk management policy.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

NOTE 3

NOTES TO THE BALANCE SHEET

3.1 INTANGIBLE ASSETS

3.1.1 Audiovisual rights

Audiovisual rights break down as follows:

Gross value *(€m)*	**01/01/2017**	**Increases**	**Decreases**	**Transfers**	**31/12/2017**
Television programmes	10.3	6.4	(9.9)	-	6.8
Other user rights*	56.0	53.3	-	12.0	121.3
Other user rights in progress*	12.0	15.7	-	(12.0)	15.7
TOTAL	**78.3**	**75.4**	**(9.9)**	**0.0**	**143.8**
Amortisation & impairment	**01/01/2017**	**Increases**	**Decreases**		**31/12/2017**
Television programmes	0.5	5.8	(6.2)	-	0.1
Other user rights*	53.4	77.0	(14.5)	-	115.9
TOTAL	**53.9**	**82.8**	**(20.7)**	**0.0**	**116.0**
Net value	**24.4**				**27.8**

* *Since the introduction in 2016 of new regulations on producer shares in French drama, movements relating to such shares are now presented on these lines.*

Commitments relating to user rights for future years break down as follows:

(€m)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2017**	**Total 2016**
Other user rights	14.2	1.0	0.0	15.2	25.1

Television programmes break down as follows:

(€m)	2017	2016
Programmes in progress	2.0	2.4
Programmes available for initial transmission	2.8	3.4
Programmes available for retransmission	5.5	5.8
Value of programmes at 1 January	**10.3**	**11.6**
Acquisitions	**6.4**	**6.7**
Consumption on initial transmission	(4.5)	(4.1)
Consumption on retransmission	(1.2)	(0.3)
Total consumption on transmission	**(5.7)**	**(4.4)**
Rights expired	0.0	0.0
Retired or abandoned	(1.5)	(3.3)
Resold (net book value)	(2.7)	(0.3)
Decreases	**(9.9)**	**(8.0)**
Value of programmes at 31 December	**6.8**	**10.3**
Programmes in progress	1.9	2.0
Programmes available for initial transmission	2.8	2.8
Programmes available for retransmission	2.1	5.5
TOTAL	**6.8**	**10.3**
Provisions for impairment		
1 January	**0.4**	**0.7**
Charges	0.1	0.4
Reversals	(0.4)	(0.7)
31 December	**0.1**	**0.4**

As of 31 December 2017, the risk of non-transmission for co-produced programmes was €4.5 million, of which:

- €0.1 million was covered by provisions for impairment;
- €4.4 million was covered by restricted provisions previously established in accordance with the policy described in Note 2.10.

The table below shows the maturity of television programme acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
Television programmes	7.4	19.1	0.1	26.6	30.1

3.1.2. Other intangible assets

Movements in other intangible assets are shown below:

Gross value *(€m)*	**01/01/2017**	**Increases**	**Decreases**	**Transfers**	**31/12/2017**
Software	24.5	0.2	-	0.9	25.6
Other intangible assets	1.6	-	-	-	1.6
Intangible assets in progress	0.9	-	-	(0.9)	0.0
TOTAL	**27.0**	**0.2**	**0.0**	**0.0**	**27.2**
Amortisation & impairment	**01/01/2017**	**Increases**	**Decreases**		**31/12/2017**
Software	13.5	3.2	-		16.7
Other intangible assets	1.1	0.3	-		1.4
TOTAL	**14.6**	**3.5**	**-**		**18.1**
Net value	**12.4**				**9.1**

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value *(€m)*	**01/01/2017**	**Increases**	**Decreases**	**Transfers**	**31/12/2017**
Technical facilities	80.3	1.3	(6.0)	-	75.6
Other property, plant and equipment	93.0	6.5	(0.1)	-	99.4
Property, plant & equipment under construction	0.0	0.9	(0.0)	-	0.9
TOTAL	**173.3**	**8.7**	**(6.1)**	**-**	**175.9**
Depreciation & impairment	**01/01/2017**	**Increases***	**Decreases**		**31/12/2017**
Technical facilities	72.5	2.9	(6.0)		69.4
Other property, plant and equipment	75.6	5.7	(0.1)		81.2
TOTAL	**148.1**	**8.6**	**(6.1)**		**150.6**
Net value	**25.2**				**25.3**

* *Included in "Amortisation and depreciation of other non-current assets" in the income statement.*

3.3 NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(€m)	Equity investments	Other long-term investment securities	Loans receivable	Other	Total
GROSS VALUE AT 1 JANUARY 2017	**946.9**	**0.0**	**0.0**	**0.2**	**947.1**
Increases					
TF1 Management: increase in share capital	0.1	-	-	-	0.1
Decreases					
TF1 Events: intragroup disposal	(0.6)	-	-	-	(0.6)
Groupe AB: sold	(74.6)	-	-	-	
		-	-	-	(3.5)
Deposits and caution money				**(0.1)**	**(0.1)**
GROSS VALUE AT 31 DECEMBER 2017	**868.3**	**0.0**	**0.0**	**0.1**	**868.4**
Provisions for impairment					
1 January 2017	**78.2**	**0.0**	**0.0**	**0.0**	**78.2**
Charges	0.5	-	-	-	0.5
Reversals	(26.6)	-	-	-	(26.6)
31 December 2017	**52.1**				**52.1**
NET VALUE AT 31 DECEMBER 2017	**816.2**	**0.0**	**0.0**	**0.1**	**816.3**

The €0.5 million of impairment losses recognised during the period, and the €26.6 million of impairment losses reversed during the period, relate to 100% owned subsidiaries.

3.4 INVENTORIES AND WORK IN PROGRESS

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2017	Total 2016
Broadcasting rights available for initial transmission	127.3	0.0	127.3	138.9
Broadcasting rights available for retransmission	73.9	-	73.9	98.3
Broadcasting rights in progress	0.0	1.9	1.9	1.9
Inventory at 1 January	**201.2**	**1.9**	**203.1**	**239.1**
Purchases during the year	**504.4**	**132.5**	**636.9**	**734.0**
Consumption on initial transmission	(506.4)	(132.0)	(638.4)	(695.0)
Consumption on retransmission	(27.4)	0.0	(27.4)	(36.8)
Total consumption on transmission	**(533.8)**	**(132.0)**	**(665.8)**	**(731.8)**
Rights expired	(13.5)	-	(13.5)	(29.1)
Retired or abandoned	(1.3)	(0.1)	(1.4)	(1.2)
Resold	(14.9)	-	(14.9)	(7.9)
Total consumption	**(563.5)**	**(132.1)**	**(695.6)**	**(770.0)**
Inventory at 31 December	**142.1**	**2.3**	**144.4**	**203.1**
Change in inventory	**(59.1)**	**0.4**	**(58.7)**	**(36.0)**
Closing inventory breaks down as follows:		-		
Broadcasting rights available for initial transmission	88.3	0.0	88.3	127.3
Broadcasting rights available for retransmission	53.8	0.0	53.8	73.9
Broadcasting rights in progress	0.0	2.3	2.3	1.9
TOTAL	**142.1**	**2.3**	**144.4**	**203.1**
Provisions for impairment		**-**		
1 January	**24.1**	**0.0**	**24.1**	**34.1**
Transfers	0.0	-	0.0	0.0
Charges	10.8	-	10.8	11.5
Reversals	(14.1)	-	(14.1)	(21.5)
31 December	**20.8**	**0.0**	**20.8**	**24.1**

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2017	Total 2016
Programmes and broadcasting rights[(1)]	914.6	740.6	35.0	1,690.2	1,619.0
Sports transmission rights[(2)]	91.3	130.4	-	221.7	179.9
TOTAL	**1,005.9**	**871**	**35.0**	**1,911.9**	**1,798.9**

(1) Includes contracts entered into by GIE TF1 Acquisitions de droits on behalf of TF1 SA and shown in that entity's assets or off balance sheet commitments.
(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast on TF1), and shown in that entity's assets or off balance sheet commitments

The portion of these contracts expressed in foreign currencies is €79.8 million (all in U.S. dollars).

3.5 ADVANCE PAYMENTS AND DEBTORS

3.5.1 Advance payments

This mainly comprises advance payments for programme broadcasting rights and sports transmission rights, amounting to €115.5 million.

3.5.2 Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. The amount owed by TF1 Publicité to TF1 SA was €262.5 million as of 31 December 2017, compared with €228.6 million as of 31 December 2016.

3.5.3 Other debtors

This item mainly comprises VAT recoverable, and balances on current accounts with subsidiaries.

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	01/01/2017	Charges	Reversals	31/12/2017
Advance payments	0.0	-	-	0.0
Trade debtors	0.1	-	-	0.1
Other debtors	0.3	1.7	-	2.0
TOTAL	**0.4**	**1.7**	**0.0**	**2.1**

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets	-	0.1	-	0.1
Current assets*	735.4	0.3	-	735.7
TOTAL	**735.4**	**0.4**	**0.0**	**735.8**

* *Includes trade and other debtors, net of impairment provisions*

3.6 SHORT-TERM INVESTMENTS AND CASH

This item breaks down as follows:

Gross value *(€m)*	2017	2016
Short-term investments	**0.0**	**0.0**
Bank deposits (instant access)	4.4	6.7
Treasury current accounts with debit balances*	622.4	608.0
Advertising airtime sales	0.2	0.4
Cash	**627.1**	**615.1**
TOTAL	**627.1**	**615.1**
Provisions for impairment of current accounts and short-term investments		
1 January	**12.5**	**33.2**
Charges	0.0	12.5
Reversals	(6.7)	(33.2)
31 December	**5.8**	**12.5**
Net value	**621.3**	**602.6**

* *As of 31 December 31 2017, €431 million was placed with Bouygues Relais (31 December 2016: €367.5 million), and intragroup current account balances amounted to €191.4 million (31 December 2016: €240.5 million). The impairment reversal of €6.7 million during 2017 relates to the current accounts with the subsidiaries Top Shopping, TFM Distribution and TF1 Vidéo, and the €33.2 million reversal of impairment losses in 2016 relates to the current account with the subsidiary HD1.*

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €4.4 million as of 31 December 2017, compared with €2.5 million as of 31 December 2016.

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 209,865,742 ordinary shares with a par value of €0.2, all fully paid.

(€m)	01/01/2017	Appropriation of profit (2017 AGM)*	Increases	Decreases	31/12/2017
Share capital	41.9	-	0.1	-	42.0
Share premium	13.6	-	2.9	-	16.5
Legal reserve	4.3	-	-	-	4.3
Retained earnings	412.0	72.8	-	-	484.8
Other reserves	774.8	-	-	-	774.8
Profits pending appropriation	131.5	(131.5)	-	-	0.0
Net profit for the year	0.0	0.0	131.6	-	131.6
Sub-total	**1,378.1**	**(58.7)**	**134.6**	**0.0**	**1,454.0**
Restricted provisions	19.9		4.4	(7.9)	16.4
TOTAL	**1,398.0**	**(58.7)**	**139.0**	**(7.9)**	**1,470.4**
Number of shares	**209,417,542**		**448,200**		**209,865,742**

* *Dividends paid from 13 April 2017.*

Restricted provisions comprise the following items:

(€m)	01/01/2017	Charges	Reversals	31/12/2017
Audiovisual rights	10.8	4.1	(5.6)	9.3
Transaction costs on acquisitions of equity interests	0.3	0.3	-	0.6
Software and licences	8.8	-	(2.3)	6.5
TOTAL	**19.9**	**4.4**	**(7.9)**	**16.4**

3.9 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in Note 2.11. Movements during the year were as follows:

(€m)	01/01/2017	Charges	Reversals (used)	Reversals (unused)	31/12/2017
Provisions for litigation and claims	8.2	2.9	(4.9)	(0.4)	5.8
Provisions for related entities	81.1	63.0	(81.0)	-	63.1
Provisions for retirement benefit obligations	28.4	3.2	(6.8)	-	24.8
Provisions for miscellaneous liabilities and charges	5.1	-	(4.4)	(0.7)	0.0
Provisions for unrealised foreign exchange losses	-	3.2	-	-	3.2
TOTAL	**122.8**	**72.3**	**(97.2)**	**(1.1)**	**96.9**

Provisions for litigation and claims cover risks relating to tax risks, legal risks and employee claims.

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €24.8 million provision for retirement benefit obligations represents the present value of the obligation (€29.7 million) minus the fair value of plan assets (€4.9 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 1.5035%;
- salary inflation rate: 2.00%;
- age on retirement: 62 years.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3.10 LIABILITIES

3.10.1 Bank borrowings

TF1 SA had confirmed credit facilities of €875.0 million with various banks as of 31 December 2017, none of which was drawn down at that date; of that amount, €150.0 million was due to expire within less than one year and €725.0 million after more than one year.

3.10.2 Other borrowings

This item comprises surplus cash invested on behalf of subsidiaries under cash pooling agreements totalling €286.2 million as of 31 December 2017, compared with €308.8 million as of 31 December 2016.

3.10.3 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €250.9 million (€207.9 million as of 31 December 2016).

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Other borrowings	286.2	-	-	286.2
Trade creditors	209.5	-	-	209.5
Tax and employee-related liabilities	149.7	-	-	149.7
Amounts payable in respect of non-current assets	4.9	-	-	4.9
Other liabilities	259.9	0.3	-	260.2
TOTAL	**910.2**	**0.3**	**0.0**	**910.5**

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	4.7	Trade creditors	40.3
Other debtors	46.6	Tax and employee-related liabilities	80.9
		Amounts payable in respect of non-current assets	2.1
		Other liabilities	250.9

3.11 DEFERRED INCOME

Deferred income (€4.7 million) relates to the subsidiary TF1 Publicité, and represents commitments to provide advertising slots to customers free of charge. The corresponding amount as of 31 December 2016 was €3.2 million.

NOTE 4 NOTES TO THE INCOME STATEMENT

4.1 REVENUE

Advertising revenue of €1,150.2 million was recognised in 2017 (including €15.2 million with non-French customers), compared with €1,188.5 million in 2016 (including €15.3 million with non-French customers).

4.2 COST TRANSFERS

This item (€86.4 million in 2017, versus €85.8 million in 2016) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.3 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

These items relate to broadcasting rights consumed during the period, amounting to €563.5 million (2016: €586.4 million). See Note 3.4.

4.4 OTHER PURCHASES AND EXTERNAL CHARGES

This item includes costs of €42 million relating to sports transmission rights in 2017, compared with €78.5 million in 2016.

It also includes transmission costs of €9.6 million (including occasional provision of circuits), of which €0.9 million were recharged to other entities within the TF1 group. The net amount was therefore €8.8 million in 2017, compared with €13.4 million in 2016.

4.5 TAXES OTHER THAN INCOME TAXES

The main item included on this line is the contribution to the French cinematographic industry support fund (€64 million in 2017, compared with €68.2 million in 2016). It also includes €5 million in respect of the tax on broadcast advertising for 2017 (versus €5.3 million in 2016).

4.6 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

For 2017, this item includes an accrued expense of €9.1 million for the voluntary profit-sharing scheme.

4.7 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €49.2 million in 2017 (versus €50.7 million in 2016).

4.8 NET FINANCIAL INCOME/EXPENSE

The components of net financial income/expense are as follows:

(€m)	2017	2016
Dividends and transfers of profits/losses from partnerships	39.0	191.2
Net interest paid or received	1.5	1.5
Provisions for impairment of equity investments*	26.1	157.8
Provisions for impairment of current accounts	6.7	20.7
Provisions for risks relating to shares of partnership losses	(66.1)	(80.9)
Foreign exchange differences	5.4	1.5
NET	**12.6**	**291.8**

* *See Note 3.3*

Interest received from related companies in 2017 was €1.5 million, compared with €1.1 million in 2016.

4.9 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2017	2016
Retirements and losses on disposals of production shares	(3.7)	(3.3)
Net change in provisions (including tax depreciation)	7.1	3.8
Gains/(losses) on disposals of non-current financial assets	26.1	(211.7)
Loss on exchange of own shares for shares in TMC	0.0	(2.6)
Various	8.8	(0.1)
NET	**38.3**	**(213.9)**

The net change in provisions during 2017 comprises net reversals of provisions for claims and litigation of €3.6 million, and a net reversal of tax depreciation of €3.5 million. The net change in provisions during 2016 related to reversals of provisions for impairment of treasury shares of €4.4 million; a charge to provisions for claims and litigation of €1.1 million; and a net reversal of tax depreciation of €0.4 million.

The net gain on disposals of non-current financial assets in 2017 (€26.1 million) comprised €26.6 million of gains on disposals of equity holdings, net of €0.5 million for a loss on an intragroup transfer.

The net loss on disposal of non-current financial assets in 2016 (€211.7 million) comprised €9.5 million of gains on disposals of equity holdings, net of €221.2 million of losses on intragroup transfers of equity holdings (Publications Metro France, HD1 and TF1 Thématiques).

4.10 INCOME TAXES

This item breaks down as follows:

(€m)	2017	2016
Income tax expense incurred by the tax group	(53.3)	(1.5)
Income tax credit receivable from companies entitled to tax credits	35.3	28.7
Prior-year income tax expense	0.0	0.6
Reversal of provision for income taxes	0.2	-
Tax on dividends	19.7	(5.0)
INCOME TAXES	**1.9**	**22.8**
Profit before tax and profit-sharing	129.7	108.7
Effective tax rate	-1.50%	-21.0%

Exceptional items generated a tax charge of €6.8 million.

TF1 made a group tax election on 1 January 1989. Under the Group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The Group tax election included 30 companies as of 31 December 2017.

The tax group had no tax losses available for carry-forward as of 31 December 2017.

The difference between the standard French tax rate and the effective tax rate, in both 2017 and 2016, is due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax group (tax savings arising from the losses of tax group member companies, and eliminations/reinstatements of intragroup transactions). In 2017, a net gain of €19.7 million relating to the levy on dividends was also recognised in "Income taxes", compared with an expense of €5.0 million in 2016.

The total amount of tax losses of subsidiaries that generated savings for the tax group in 2017 and may generate a tax liability in the future is €12.2 million.

4.11 DEFERRED TAX POSITION

The table below shows future tax effects that have not yet been recognised by TF1 SA but will be recognised when the underlying transactions are recognised in the income statement, calculated using a tax rate of 34.43%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	5.4	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, unrealised foreign exchange gains and losses, and other non-deductible expenses	-	5.5

4.12 UTILISATION OF COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

For the year ended 31 December 2017, TF1 SA recognised a competitiveness and employment tax credit (*crédit d'impôt compétitivité et emploi* – CICE) of €0.7 million, as a deduction from staff costs. A further tax gain of €0.3 million relating to the CICE of LCI (a tax-transparent entity) was also recognised in 2017.

The CICE enabled various expenditures to be incurred in 2017 that helped improve competitiveness. In particular, the company invested €8.7 million in property, plant and equipment, mainly technical video equipment.

NOTE 5 OTHER INFORMATION

5.1 OFF BALANCE SHEET COMMITMENTS

The tables below show off balance sheet commitments by type and maturity:

Commitments given *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2017**	**Total 2016**
Operating leases	25.7	40.1	9.6	75.4	93.5
Image transmission contracts	5.9	13.1	0.1	19.1	23.4
Guarantees(1)	2.8	-	11.2	14.0	15.7
Commitments relating to equity interests(2)	365.0	104.0	-	469.0	118.0
Other commitments(3)	6.8	-	-	6.8	0.0
TOTAL	**406.2**	**157.2**	**20.9**	**584.3**	**250.6**

Commitments received *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2017**	**Total 2016**
Operating leases	25.7	40.1	9.6	75.4	93.5
Image transmission contracts	5.9	13.1	0.1	19.1	23.4
Commitments relating to equity interests(2)	365.0	104.0	-	469.0	118.0
Other commitments(3)	0.0	-	-	0.0	4.9
TOTAL	**396.6**	**157.2**	**9.7**	**563.5**	**239.8**

(1) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.
(2) This item comprises firm or optional commitments to deliver or receive securities.
(3) Other commitments given and received mainly comprise the fair value of currency instruments (see Note 5.2.1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of those items (see Note 3.10.1).

TF1 SA had not contracted any complex commitments as of 31 December 2017.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

At the end of each reporting period, TF1 recognises:

- the foreign exchange loss or gain arising from the application of the foreign exchange guarantees described above;
- unrealised foreign exchange gains and losses arising on payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

As of 31 December 2017, the equivalent value of such hedging instruments contracted with banks was €91.5 million:

- €77.8 million of forward purchases (all in U.S. dollars, valued at the closing exchange rate);
- €13.7 million of currency swaps (all in U.S. dollars).

5.3 EMPLOYEES

The average headcount of TF1 SA is as follows:

	2017	2016
Clerical and administrative	70	74
Supervisory	261	296
Managerial	957	983
Journalists	235	242
Interns	35	31
Intermittent employees	65	87
TOTAL	**1,624**	**1,713**

5.4 EXECUTIVE REMUNERATION

Total remuneration paid during 2017 to key executives of the TF1 Group (*i.e.* the ten members of the TF1 Executive Committee mentioned in the Annual Report) was €7.5 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €0.2 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. An expense of €0.4 million (invoiced to TF1 by Bouygues) was booked in 2017 for the contribution paid in the year to the investment fund of the insurance company which manages the scheme.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

5.5 STOCK OPTIONS AND PERFORMANCE SHARE PLANS

Disclosures about stock options and performance shares awarded to employees are provided in the "Report on stock options and performance shares for 2017" in the registration document.

5.6 DIRECTORS' FEES

The amount of directors' fees paid in 2017 was €0.3 million.

5.7 AUDITORS' FEES

The amount of fees paid by TF1 SA to its auditors for the 2017 financial year was €0.4 million. The amount paid for other audit services and for services other than statutory audit for 2017 was €0.1 million (CSR report, and assurance and advisory work in connection with corporate actions during the period).

5.8 CONSOLIDATION

TF1 SA is consolidated in the financial statements of the Bouygues group, using the full consolidation method.

5.9 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company/ Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment(1)	Net book value of investment(1)	Outstanding loans and advances	Guarantees provided(2)	Revenues for most recent financial year	Profit/ (loss) for most recent financial year	Dividends received during the year
In thousands of euros or monetary units of specified currency											
I. Subsidiaries (at least 50% of the capital held by TF1 SA)											
■ TF1 Publicité		2,400	6,116	100.00%	3,038	3,038	44,469	-	1,618,129	14,834	10,500
■ TF1 Films Production		2,550	34,368	100.00%	1,768	1,768	52,080	-	41,038	(736)	-
■ Téléshopping		5,127	4,384	100.00%	5,130	5,130	-	-	67,851	(1,753)	1,026
■ TF1 Entertainment		3,000	921	100.00%	3,049	3,049	-	-	37,593	8,510	4,000
■ E-TF1		1,000	293	100.00%	1,000	1,000	-	-	111,023	23,289	10,850
■ TF1 Video		3,000	(5,127)	100.00%	8,100	0	5,807	-	47,988	(3,074)	-
■ TF1 Expansion		269	195,047	100.00%	291,291	291,291	-	-	0	(66)	7,051
■ TF1 Droits Audiovisuels		15,000	1,523	100.00%	138,431	128,859	-	-	64,228	5,556	4,950
■ La Chaine Info		4,500	1,383	100.00%	2,059	0	23,344	-	22,829	(34,035)	-
■ Ouest Info		40	185	100.00%	2,617	17	-	-	1,636	(369)	-
■ TF1 Production		10,080	5,345	100.00%	39,052	22,097	-	-	73,174	3,290	-
■ TF1 Management		40	(1)	100.00%	80	40	-	-	0	(9)	-
■ PREFAS 20		40	(14)	100.00%	40	40	-	-	0	(4)	-
■ PREFAS 23		40	0	100.00%	40	40	-	-	0	(4)	-
■ PREFAS 24		40	0	100.00%	40	40	-	-	0	(4)	-
■ PREFAS 25		40	0	100.00%	40	40	-	-	0	(7)	-
■ TF1 Distribution		40	226	100.00%	40	40	1,721	-	49,735	(600)	-
■ TF1 DS		100	0	100.00%	100	100	-	-	46,244	(71)	-
■ Newen Studios		27,822	(3,377)	70.00%	145,565	145,565	-	-	1,963	(176)	-
■ Monte-Carlo Participation		33,700	5,519	100.00%	213,827	213,827	130,000	-	209	44,256	-
■ GIE Acquisition de Droits		0	0	93.00%	0	0	248,019	-	259,207	(30,377)	-
II. Affiliates (10% to 50% of the capital held by TF1 SA)											
■ Médiamétrie*		14,880	18,532	10.80%	44	44	-	-	88,529	3,649	100
■ A1 International**		20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
■ SMR6		75	(26)	20.00%	15	15	5	-	114	37	-
III. Other equity investments (less than 10% of the capital held by TF1 SA)											
■ Médiamétrie Expansion*		843	86	2,42 %	91	0	-	-	0	(43)	-
■ Série Club		50	1,692	0.004%	2	2	-	-	13,111	2,189	-
■ Aphelie		2	79,692	0.05%	0	0	5,822	-	17,076	15,023	-
■ Dujardin		463	4,949	0.01%	0	0	45	-	23,127	2,257	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS					**868,268**	**816,042**	**511,312**	**0**	**-**	**-**	**38,477**

(1) Includes transaction costs where relevant.
(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary and disclosed in off balance sheet commitments.
** "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2016 financial year.*
*** "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2009 financial year.*

NOTE 6 EVENTS AFTER THE REPORTING PERIOD

Further to the binding offer made by the TF1 group to the Axel Springer group on 12 December 2017, the two groups signed an agreement for the acquisition by the TF1 group of the Axel Springer group's majority equity interest of approximately 78% in the aufeminin group at a price of €38.74 per share (subject to customary adjustments at the completion date).

Completion of this deal is subject to clearance from the regulatory authorities in France and Austria.

Once this acquisition has been completed, the TF1 group will file a mandatory simplified tender offer for the remaining shares at the same price.

5

STATUTORY AUDITOR'S REPORT

5.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2017

To the Annual General Meeting of TF1 SA,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' General Annual Meetings, we have audited the accompanying financial statements of TF1 company for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, section 1, of Regulation (EU) No 537/2014 or by the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

ADVERTISING REVENUE LINKED TO THE COMMERCIALS BROADCAST

IDENTIFIED RISKS

Relevant notes to the financial statements: "2.7 Accounts receivable", "2.12 Advertising", "3.5.2 Accounts receivable and related accounts", "3.10.3 Other liabilities", "3.11 Prepaid income" and "4.1 Turnover".

The advertising revenue linked to the commercials broadcast represents the major part of TF1 SA's turnover (€1 150m as at 31 December 2017). The TF1 group's accounts receivable in terms of net value amount to €262m as at 31 December 2017. Other liabilities mainly include credit notes and discounts granted as well as prepaid income.

The advertising revenue linked to the commercials broadcast recognized by the entity is equal to the net amount of sales of space invoiced to the advertisers, and is made in strict compliance with French regulations (CSA – Conseil Supérieur de l'Audiovisuel, the French broadcasting regulatory authority).

Sales of space are made according to the rates of the TF1 group television channels, the general terms and conditions of sale, and the terms specific to each advertiser and agency. There are two main types of sales:

- sales of space with an audience target (guaranteed GRP) based on the reconciliation of the broadcasting information on audience levels obtained by companies that are recognized specialists in the measurement of audiences and advertising volumes;
- sales of space on a "spot by spot" basis, which result from negotiation between the advertisers and the broadcasters.

The implementation of pricing is subject to an estimate which integrates performance criteria relating to the achievement of the targets defined for a campaign (achievement of the guaranteed GRP, etc.) and/or the achievement of annual targets. These estimates are reflected in the accounts by discounts in the form of credit notes or free space if the operational performance has not been met.

In view of the predominance of advertising revenue in TF1 SA's turnover, and as this revenue is based on these various estimates, we considered their valuation to be a key audit matter.

OUR RESPONSE

Within the scope of our work:

- we familiarized ourselves with the procedures and information systems set up to monitor the recognition of the advertising revenue and its valuation;
- we tested the key controls, as well as the IT general controls and application controls for the main information systems, with regard to:
  - segregation of duties,
  - the entry of campaign contractual terms and prices into the system,
  - the amount advertising revenue calculated by the system for each campaign, which we compared to the contractual commitments in terms of audience and price;
- we compared the level of advertising revenue with the relevant information in sector studies accessible in public databases and in analyses performed by companies that are recognized specialists in the measurement of advertising audiences;
- we verified the arithmetic accuracy of the accounting entries justifying the turnover for the period, taking into account all the amounts collected and the variations in accounts receivable, invoices to be drawn up, prepaid income and VAT;
- we also performed the following procedures on a sample of contracts:
  - we tested the compliance of the methods applied with the rules defined in the following notes to the accounts: "2.7 Accounts receivable", "2.12 Advertising", "3.5.2 Accounts receivable and related accounts", "3.10.3 Other liabilities", "3.11 Prepaid income" and "4.1 Turnover",
  - we tested the level of the estimates established as at 31 December 2017 (invoices or credit notes to be issued) in view of the performances achieved by the portfolio of contracts, and by testing the unwinding of the discounts provisioned from one period to the next.

PROGRAMMES AND RIGHTS

IDENTIFIED RISKS

Relevant notes to the financial statements: "2.2.1 and 3.1.1 Audiovisual rights", "2.5 and 3.4 Inventories and work-in-progress", "2.6 Advances and payments on account" and "3.5.1 Prepayments on trade orders".

The programmes, audiovisual rights and broadcasting rights, recognized in the balance sheet or presented as off-balance-sheet commitments, constitute the programmes and rights.

- The programmes and broadcasting rights correspond to firm contracts, sometimes multi-year contracts, for the acquisition of programmes and rights to broadcast sports events taken out by TF1 SA in order to secure its programming for the coming years.

As at 31 December 2017, these programmes and broadcasting rights are recognized in inventories for €123.7m when they are deemed "broadcastable", *i.e.,* when the following criteria are met:

  - technical acceptance has been obtained,
  - opening of rights has been effective.

The value of the inventories is determined based on the production cost or the acquisition cost less consumptions for the year. When a programme has been purchased for a single broadcast, it is 100% amortized upon its broadcast. When the purchase is for two or more broadcasts, except in specific contractual cases, the programme is consumed according to the rules defined by TF1 SA depending on the type of programme concerned.

- The audiovisual rights mainly correspond (i) to television programmes for broadcast and (ii) to the producers' shares invested by TF1 SA

As at 31 December 2017, these audiovisual rights are recognized, at their contractual acquisition costs, in intangible assets related to audiovisual rights for a net value of €27.8m. The amortization of these fixed assets is determined, by category of audiovisual rights, according to the methods set out in Note 2.2.1 to the financial statements.

- Off-balance-sheet commitments, given directly or indirectly by TF1 SA in the amount of €1,953.3m as at 31 December 2017, concern the programmes and rights for which the company considers that the criteria described hereabove have not been met. These commitments are valued for the contractual amounts or, in the case of output deals, for the estimated amount of future disbursements after deduction of advance payments made in the amount of €117.9m as at 31 December 2017.

The programmes and rights are depreciated when their recoverable amount is less than their net carrying amount. The recoverable amount of these programmes and rights is determined:

  - in the case of the programmes and broadcasting rights, on the basis of their broadcasting probability assessed based on forecast programme schedules validated by management,
  - in the case of the audiovisual rights, on the basis of the analysis of the future economic benefits defined by type of right.

We considered that the reality and the valuation of the programmes, broadcasting rights and audiovisual rights, as well as the completeness of the commitments made relating to these programmes and rights constituted a key audit matter, given the significant share represented by these programmes and rights in TF1 SA's accounts, and the high level of estimation and judgement used by management to assess the value of these programmes, broadcasting rights and audiovisual rights.

OUR RESPONSE

Our work mainly consisted of the following:

- familiarizing ourselves with the internal control procedures and the information systems set up contributing to the recognition of the programmes, broadcasting rights and audiovisual rights, as well as the corresponding expenses;
- as regards the programmes and broadcasting rights:
  - conducting IT general controls on the management software used by TF1 SA,
  - testing the design and effectiveness of the key controls set up by TF1 SA on the processes for the recognition and estimation of the programmes and broadcasting rights;
- performing substantive analytical procedures on the movements in the inventories of programmes and rights.

On the basis of a sample, we:

- assessed the value of the fixed assets in progress by consistency with the stage of completion of the productions in progress and the related expenses;
- tested the value of the audiovisual rights in the catalogue most recent programming schedules:
  - by assessing the analysis of the future economic benefits performed by TF1 SA,
  - by ensuring that the depreciation rates thus determined by type of right were correctly applied;

- tested the correct recording in the balance sheet or in off-balance-sheet commitments by consistency with the technical acceptance and the date of the opening-up of the rights;
- tested the value of the programmes and the broadcasting rights held in inventory:
  - by reconciling the programmes present in inventory with the contracts signed,
  - by reconciling the programmes not depreciated with the programmes in the forecast schedule,
  - by performing a retrospective analysis on the unwinding of depreciation and scrapping for which no provision was recognized;
- verified the correct application of the rules on the consumption of inventories defined by the company by reconciliation with the broadcasting findings;
- assessed the value of the off-balance-sheet commitments and prepayments on trade orders:
  - by assessing through discussion and/or reconciliation with legal documentation, the main assumptions used within the scope of the estimation of the broadcasting rights purchased to secure programming for future years,
  - by evaluating the main assumptions used within the scope of the valuation of the commitments given in respect of the output deals.

ASSESSMENT OF EQUITY HOLDINGS

IDENTIFIED RISKS

Relevant note to the financial statements: "2.4 – Financial assets"

As at 31 December 2017, equities' net book value is €816,1 million, which represents 33% of TF1 SA total balance sheet. They are initially recorded, at their acquisition cost, which corresponds to the purchase cost adding potential acquisition expenses, which are excess tax depreciated over 5 years. Moreover, the equity securities are depreciated if their value in use stands below their net carrying amount.

As indicated in Note 2.4. of the individual accounts' annex, the value in use of each equity security is determined on a forecasted data basis provided by the company, and established according to business and yield prospects measured on business plans basis.

The value in use determination of each equity security is based on assumptions and estimates established by the Management, particularly for the projecting future cash flows of the business plans, the growth rate used, and the discount rate applied.

We have considered the equity securities' valuation as a key audit matter, considering the high level of estimate and judgement required by the management and the sensitivity of the value in use to the fluctuation of assumptions and estimates.

OUR RESPONSE

In order to measure the reasonable nature of the estimated value in use of equity securities, based on information communicated to us, our procedures consisted in:

- understanding the budget process and the key controls associated to it;
- verifying the calculating method of the value in use, and particularly of the projecting future cash flows of the companies representing those equity securities, in order to:
  - assess their consistency with the medium-term business plans which have been approved by the management and submitted to the TF1 Board of Directors,
  - verify the consistency of the assumptions used, with the economic environment at the reporting date,
  - assess the reasonable nature of the assumptions used to determine the normative cash flow, beyond the middle-term business plan,
  - compare the forecasts used for previous periods and for the accounting year 2017 with the respective concrete results in order to assess the former objectives achievement,
  - make sure that the principle of consistent accounting methods is respected;
- assessing, with the assistance of our assessment experts, the discount rates used in the calculating method of the value in use;
- testing the arithmetic accuracy of the calculating methods applied by the Group to determine the value in use;
- driving sensitivity analysis, particularly on the equity securities which present a realizable value close to their book value;
- controlling the information provided in the annual accounts' annex, especially the description of the determination method of the inventory value for the significant equity securities.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest the existence, in the report of the Board of Directors on corporate governance, of the information required pursuant to Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code *(Code de commerce).*

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code *(Code de commerce)* relating to the items considered by your company to be likely to have an impact in the event of a public tender or exchange offer, we have verified its consistency with the documents from which it was taken and which were provided to us. Based on this work, we have nothing to report on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of TF1 SA by your Annual General Meetings held on 15 May 2001 for Mazars and on 14 April 2016 for ERNST & YOUNG Audit.

As at 31 December 2017, Mazars and ERNST & YOUNG Audit were in the 17th year and 2nd year respectively of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce),* our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 23 February 2018

French original signed by:

ERNST & YOUNG Audit		MAZARS	
Bruno Perrin	Laurent Vitse	Gilles Rainaut	Marc Biasibetti

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2017

To the Annual General Meeting of TF1,

1 OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of TF1 SA for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

2 BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, section 1, of Regulation (EU) No 537/2014 or by the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

3 JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

4 ADVERTISING REVENUE LINKED TO THE COMMERCIALS BROADCAST

IDENTIFIED RISKS

Relevant notes to the consolidated financial statements: "2 Accounting principles and policies", "4.3 Operating revenues", "7.2.1 Trade and other debtors" and "7.2.2 Breakdown of trade and other creditors".

The advertising revenue linked to the commercials broadcast represents the major part of TF1 SA's turnover (€1 562m as at 31 December 2017). The TF1 group's accounts receivable in terms of gross value amount to €656m as at 31 December 2017. Other liabilities mainly include credit notes and discounts granted as well as prepaid income.

The advertising revenue linked to the commercials broadcast recognized by the entity is equal to the net amount of sales of space invoiced to the advertisers, and is made in strict compliance with French regulations (CSA – Conseil Supérieur de l'Audiovisuel, the French broadcasting regulatory authority).

Sales of space are made according to the rates of the TF1 group television channels, the general terms and conditions of sale, and the terms specific to each advertiser and agency. There are two main types of sales:

- sales of space with an audience target (guaranteed GRP) based on the reconciliation of the broadcasting information on audience levels obtained by companies that are recognized specialists in the measurement of audiences and advertising volumes;
- sales of space on a "spot by spot" basis, which result from negotiation between the advertisers and the broadcasters.

The implementation of pricing is subject to an estimate which integrates performance criteria relating to the achievement of the targets defined for a campaign (achievement of the guaranteed GRP, etc.) and/or the achievement of annual targets. These estimates are reflected in the accounts by discounts in the form of credit notes or free space if the operational performance has not been met.

In view of the predominance of advertising revenue in TF1 SA's turnover, and as this revenue is based on these various estimates, we considered their valuation to be a key audit matter.

OUR RESPONSE

Within the scope of our work:

- we familiarized ourselves with the procedures and information systems set up to monitor the recognition of the advertising revenue and its valuation;
- we tested the key controls, as well as the IT general controls and application controls for the main information systems, with regard to:
  - segregation of duties,
  - the entry of campaign contractual terms and prices into the system,
  - the amount advertising revenue calculated by the system for each campaign, which we compared to the contractual commitments in terms of audience and price;
- we compared the level of advertising revenue with the relevant information in sector studies accessible in public databases and in analyses performed by companies that are recognized specialists in the measurement of advertising audiences;
- we verified the arithmetic accuracy of the accounting entries justifying the turnover for the period, taking into account all the amounts collected and the variations in accounts receivable, invoices to be drawn up, prepaid income and VAT;
- we also performed the following procedures on a sample of contracts:
  - we tested the compliance of the methods applied with the rules defined in the relevant notes to the consolidated financial statements,
  - we tested the level of the estimates established as at 31 December 2017 (invoices or credit notes to be issued) in view of the performances achieved by the portfolio of contracts, and by testing the unwinding of the discounts provisioned from one period to the next.

5 PROGRAMMES AND RIGHTS

RISK IDENTIFIED

Relevant note to consolidated financial statements: "7.1. Audiovisual rights and broadcasting rights"

The programmes, audiovisual rights and broadcasting rights, recognized in the balance sheet or presented as an off-balance-sheet commitment, constitute the programmes and rights.

- The programmes and broadcasting rights correspond to firm contracts, sometimes multi-year contracts, for the acquisition of programmes and rights to broadcast sports events taken out by the Group in order to secure its programming for the coming years.

As at 31 December 2017, these programmes and broadcasting rights are recognized in inventories for €598m when they are deemed "broadcastable", *i.e.,* when the following criteria are met:

- technical acceptance has been obtained,
- opening of rights has been effective.

The value of the inventories is determined based on the production cost or the acquisition cost less consumptions for the year. When a programme has been purchased for two or more broadcasts, except in specific contractual cases, it is consumed according to the rules defined by the Group depending on the type of programme concerned.

- The audiovisual rights mainly correspond (i) to the shares in films and audiovisual programmes produced or co-produced by the Group and/or (ii) to the audiovisual rights distributed by the Group.

As at 31 December 2017, these audiovisual rights are recognized, at their historical costs, in intangible assets related to audiovisual rights for a net value of €171m. The amortization of these fixed assets is determined, by category of audiovisual rights, according to the methods set out in Note 7.1.1 to the consolidated financial statements

- Off-balance-sheet commitments, given directly or indirectly by the Group in the amount of €1 566m as at 31 December 2017, concern the programmes and rights for which the Group considers that the criteria described hereabove have not been met. These commitments are valued for the contractual amounts or, in the case of output deals, for the estimated amount of future disbursements after deduction of advance payments made.

The programmes and rights are depreciated when their recoverable amount is less than their net carrying amount. The recoverable amount of these programmes and rights is determined:

- in the case of the programmes and broadcasting rights, on the basis of their broadcasting probability assessed based on forecast programme schedules validated by management,
- in the case of the audiovisual rights, on the basis of the analysis of the future economic benefits defined by type of right.

We considered that the reality and the valuation of the programmes, broadcasting rights and audiovisual rights, as well as the completeness of the commitments made relating to these programmes and rights constituted a key audit matter, given the significant share represented by these programmes and rights in the Group's accounts, and the high level of estimation and judgement used by management to assess the value of these programmes, broadcasting rights and audiovisual rights.

OUR RESPONSE

Our work mainly consisted of the following:

- familiarizing ourselves with the internal control procedures and the information systems set up contributing to the recognition of the programmes, broadcasting rights and audiovisual rights, as well as the corresponding expenses;
- as regards the programmes and broadcasting rights:
  - conducting IT general controls on the management software used by the Group's most significant subsidiaries,
  - testing the design and effectiveness of the key controls set up by the Group on the processes for the recognition and estimation of the programmes and broadcasting rights;
- performing substantive analytical procedures on the movements in the inventories of programmes and rights.

On the basis of a sample, we:

- assessed the value of the fixed assets in progress by consistency with the stage of completion of the productions in progress and the related expenses;
- tested the value of the audiovisual rights in the most recent programming schedules :
  - by assessing the analysis of the future economic benefits performed by the Group,
  - by ensuring that the depreciation rates thus determined by type of right were correctly applied;
- tested the correct recording in the balance sheet or in off-balance-sheet commitments by consistency with the technical acceptance and/or the date of the opening-up of the rights;
- tested the value of the programmes and the broadcasting rights held in inventory:
  - by reconciling the programmes present in inventory with the contracts signed,
  - by reconciling the programmes not depreciated with the programmes in the forecast schedule,
  - by performing a retrospective analysis on the unwinding of depreciation and scrapping for which no provision was recognized;
- tested the correct application of the rules on the consumption of inventories defined by the Group by reconciliation with the broadcasting findings;
- assessed the value of the off-balance-sheet commitments:
  - by assessing through discussion and/or reconciliation with legal documentation, the main assumptions used within the scope of the estimation of the broadcasting rights purchased to secure programming for future years,
  - by evaluating the main assumptions used within the scope of the valuation of the commitments given in respect of the output deals;
- assessed the permanence of the methods used to calculate non-GAAP indicators such as the cost of the programmes.

We have nothing to report on the implementation of these procedures on the programmes and rights.

6 VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

7 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of TF1 SA by your Annual General Meetings held on 15 May 2001 for Mazars and on 14 April 2016 for ERNST & YOUNG Audit.

As at 31 December 2017, Mazars and ERNST & YOUNG Audit were in the 17th year and 2nd year respectively of total uninterrupted engagement.

8 RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

9 STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 23 February 2018

French original signed by:

ERNST & YOUNG Audit		MAZARS	
Bruno Perrin	Laurent Vitse	Gilles Rainaut	Marc Biasibetti

5.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a translation into English of a report issued in French 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.

Annual General Meeting held to approve the financial statements for the year ended 31 December 2017

To the Annual General Meeting of TF1 SA,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce),* to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended 31 December 2017, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

I AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

In accordance with Article L. 225-40 of the French Commercial Code *(Code de commerce),* we have been notified of the following related party agreements and commitments which received prior authorization from your Board of Directors during the financial year ended 31 December 2017.

A) SHARED SERVICES AGREEMENT WITH BOUYGUES

At its Meeting on 30 October 2017, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2018, of the shared services agreement concluded on 23 February 2016 between your company and Bouygues.

Reasons justifying why the company benefits from this agreement

The purpose of this shared services agreement, a common arrangement in groups of companies, is to enable your company to benefit from specialist and management services that Bouygues provides to the various companies in its group in a number of fields, such as finance, law, human resources, insurance, sustainable development, patronage, new technologies, and more generally, advisory services.

Financial conditions

The principle of this agreement is based on rules of allocation and invoicing of the shared service costs including specific services and payment of residual shared costs limited to a percentage of revenue.

The renewal of this agreement had no financial impact on financial year 2017 and it will have effect in financial year 2018.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

B) TOP-UP PENSION GRANTED TO MR GILLES PÉLISSON, CEO OF YOUR COMPANY

According to Article L. 225-42-1 of the French Commercial Code, defined-benefit pension plan in favour of the chairman, the chief executive officer or the deputy chief executive officers of listed companies, are subject to the provisions governing related-party agreements, as these agreements are subject to a specific resolution for each beneficiary. This approval is required upon each renewal of a term of office.

Moreover, since the entry into force of Act no. 2015-990 of 6 August 2015 (Macron Act), benefiting from these defined-benefit pension plans, within listed companies, is subject to conditions related to the performance of the beneficiary, measured by the performance of the company concerned.

Your Board of Directors, in its meeting of 30 October 2017:

- recalled the conditions of performance which must be fulfilled by Mr Gilles Pélisson in order to benefit from the defined benefit pension granted to him as CEO of your company, as fixed by the Board of Directors at its Meeting on 15 February 2017. These conditions concern the achievement of an average consolidated net income target as follows:
  - for financial year 2017, based on the annual budgets for 2016 and 2017,
  - for financial year 2018, based on the annual budgets for 2016, 2017 and 2018,
  - for subsequent years, based on the annual budget for the current year and the annual budgets for the previous two financial years.

  Depending on the achievement of the consolidated net income targets, Mr Gilles Pélisson's entitlement to the top-up pension will be between 0% and a maximum of 0.92% of the reference salary.

  The annual supplementary pension benefits are capped at eight times the annual limit set by the Social Security.

  Entitlement to this top-up pension is only vested after ten years of service with the Bouygues group;
- authorized the renewal, for a period of one year as from 1 January 2018, of the Group defined benefit pension commitment signed by Bouygues for the benefit of Mr Gilles Pélisson, subject to performance conditions, as well as the re-invoicing agreement in respect of the share of the premium paid by Bouygues to the insurance company concerning the contributions relating to Mr Gilles Pélission.

Reasons justifying why the company benefits from this agreement

The purpose of this agreement is to secure the loyalty of the members of Bouygues' Executive Committee, which includes Mr Gilles Pélisson. It also allows your company to benefit from a pooled negotiation conducted within the Bouygues group, between Bouygues and the managers of its various business units.

Financial conditions

Bouygues re-invoices your company for its share of the premiums paid to the insurance company.

The authorization, for financial year 2018, of the re-invoicing of this agreement has not had any financial impact on financial year 2017. It will have effect in financial year 2018.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

Mr Gilles Pélisson, CEO

C) OPEN INNOVATION SERVICES AGREEMENTS

At its Meeting on 30 October 2017, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2018, of the Open Innovation services agreement concluded with Bouygues, according to which the latter provides services to your company.

This agreement defines the terms and conditions governing the performance and payment of Open Innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to your company.

Reasons justifying why the company benefits from this agreement

This shared services agreement enables your company to benefit from an Open Innovation approach and the creation of partnerships between larges groups and innovative start-ups, notably through the acquisition of minority shareholdings.

Financial conditions

Advisory services are an integral part of Bouygues' shared services and are re-invoiced directly under the shared services agreement as the share of the residual amount of the shared service costs. In return for the management services, your company pays Bouygues a fixed monthly fee of €750 excluding taxes, on a *prorata temporis* basis, per investment in an innovative company.

The renewal of this agreement for financial year 2018 had no financial impact on financial year 2017. It will have effect in financial year 2018.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

D) OFFICE SPACE PROVIDED BY THE ECONOMIC INTEREST GROUPING GIE "32 AVENUE HOCHE"

At its Meeting on 30 October 2017, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2018, of the agreement regarding the provision of office space owned by Bouygues on the first floor of 32, avenue Hoche in Paris.

Reasons justifying why the company benefits from this agreement

Under this agreement, your company benefits from office space and Meeting rooms in central Paris, as well as related services such as reception, IT and secretarial services.

Financial conditions

This agreement is based on flat-rate fees.

The renewal of this agreement for financial year 2018 had no financial impact on financial year 2017. It will have effect in financial year 2018.

Persons concerned

Bouygues being a member of the economic interest grouping GIE "32 avenue Hoche": Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

E) USE OF AIRCRAFT OWNED BY AIRBY

At its Meeting on 30 October 2017, your Board of Directors authorized the renewal of the agreement offering your company, for a period of one year as from 1 January 2018, the possibility of using the services of Airby, a company owned indirectly by Bouygues and SCDM, operator of a Global 5000 aircraft and other leased aircraft.

Reasons justifying why the company benefits from this agreement

This agreement covers the provision and use of aircraft (leased or owned by the Bouygues group) as well as all associated flight services.

Financial conditions

Under this agreement, the use of the Global 5000 is invoiced based on a single flat-rate tariff which remains unchanged at €7,000 per flight hour. The provision by Airby of leased aircraft is still invoiced at the market lease rate, plus €1,000 excluding taxes for chartering services.

The renewal of this agreement for financial year 2018 had no financial impact on financial year 2017. It will have effect in financial year 2018.

Persons concerned

Bouygues being partner of Airby and of your company: Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

II AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WHOSE IMPLEMENTATION CONTINUED DURING THE YEAR ENDED 31 DECEMBER 2017

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce),* we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2017.

COMMERCIAL LEASES

Noting that the terms and conditions of the leases still met the criteria that led your Board of Directors to give its initial consent, the latter maintained the authorizations given previously for these two commercial leases.

1) COMMERCIAL LEASE WITH APHELIE

Authorized by your Board of Directors on 13 May 2009.

The Annual General Meeting of 15 April 2010 approved the commercial lease entered into with Aphélie on 19 June 2009, concerning the Tower, North Wing and Central buildings of the Point du Jour property complex. The lease was signed for a term of nine years and nine days.

Annual lease payments invoiced by Aphélie to your company for financial year 2017 amounted to €14,026,274 excluding taxes.

Person concerned

TF1 through your subsidiary TF1 Expansion is a partner of Aphélie.

2) COMMERCIAL LEASE WITH FIRELIE

Authorized by your Board of Directors on 10 November 2011.

The Annual General Meeting of 19 April 2012 approved the commercial lease entered into with Firelie on 9 January 2012 concerning the South Wing building. The lease was signed for a term of nine years and ten days from 22 December 2011, with a firm commitment for six years, six months and ten days.

Lease payments invoiced by Firelie to your company for the first half of 2017 amounted to €1,697,621 excluding taxes.

For the second half of 2017, lease payments in the amount of €1,714,294 excluding taxes were invoiced by Aphélie to your company, as Firelie was taken over by Aphélie as of 30 June 2017.

Person concerned

TF1 through your subsidiaries TF1 Expansion and Aphélie is a partner of Firelie.

SHARED SERVICES AGREEMENT WITH BOUYGUES

Authorized by your Board of Directors at its Meeting on 27 October 2016.

The Annual General Meeting of 13 April 2017 approved the renewal, for a period of one year as from 1 January 2017, of the shared services agreement concluded with Bouygues on 23 February 2016, according to which the latter provides the various companies in its group with specialist services in a number of fields such as finance, law, human resources, insurance, sustainable development, patronage, new technologies, and more generally, advisory services.

The amount invoiced by Bouygues for financial year 2017 was €3,557,414 excluding taxes, of which €3,390,519 excluding taxes related to 2017 and €166,894 excluding taxes corresponded to a regularization relating to financial year 2016.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

OFFICE SPACE PROVIDED BY THE ECONOMIC INTEREST GROUPING GIE "32 AVENUE HOCHE"

Authorized by your Board of Directors on 27 October 2016.

The Annual General Meeting of 13 April 2017 approved the renewal, for a period of one year as from 1 January 2017, of the agreement regarding the provision of office space on the first floor at 32, avenue Hoche in Paris.

The amount paid to GIE "32 avenue Hoche" in respect of the provision of this office space was €14,910 excluding taxes for financial year 2017.

Persons concerned

Bouygues being a member of the economic interest grouping GIE "32 avenue Hoche": Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

AGREEMENTS AND COMMITMENTS WHICH WERE NOT IMPLEMENTED DURING THE YEAR ENDED 31 DECEMBER 2017

In addition, we have been notified that the following agreements and commitments, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended 31 December 2017.

1) OPEN INNOVATION SERVICES AGREEMENT

Authorized by your Board of Directors on 27 October 2016.

The Annual General Meeting of 13 April 2017 approved the Open Innovation services agreement concluded with Bouygues, according to which the latter provides your company with Open Innovation services.

This agreement defines the terms and conditions governing the performance and payment of Open Innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to your company.

No amount was invoiced by Bouygues in respect of financial year 2017.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

2) USE OF AIRCRAFT OWNED BY AIRBY

Authorized by your Board of Directors on 27 October 2016.

Your Annual General Meeting of 13 April 2017 approved the agreement concluded with Airby covering the provision and use of aircraft (leased or owned by the Bouygues group) as well as all associated flight services.

In respect of the year 2017, your company did not use the aircraft and no amount was invoiced by Airby.

Persons concerned

Bouygues partner, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

AGREEMENTS AND COMMITMENTS APPROVED DURING THE YEAR ENDED 31 DECEMBER 2017

In addition, we have been notified of the implementation during the year ended 31 December 2017 of the following agreements and commitments which were approved by the Annual General Meeting of 13 April 2017 based on the Statutory Auditors' report on related party agreements dated 28 February 2017.

Top-up pension plan for Mr Gilles Pélisson

Authorized by your Board of Directors on 15 February 2017.

DEFINED BENEFIT PENSION COMMITMENTS FOR THE BENEFIT OF THE CEO

The Annual General Meeting of 13 April 2017 approved the granting to Mr Gilles Pélisson, as from 1 January 2017, of a top-up pension, subject to performance conditions, *via* a group defined benefit pension agreement signed by Bouygues. Entitlement to this top-up pension is only vested after ten years of service with the Bouygues group. Mr Gilles Pélisson's vesting of the annual top-up pension rights is contingent upon the fulfilment of performance conditions over which he may have had some control; these conditions are linked to the achievement of an average consolidated net income target in relation to the annual budget:

- for financial year 2016, based on the annual budget for 2016;
- for financial year 2017, based on the annual budgets for 2016 and 2017;
- for financial year 2018, based on the annual budgets for 2016, 2017 and 2018;
- for subsequent years, based on the annual budget for the current year and the annual budgets for the previous two financial years.

Depending on the achievement of the consolidated net income targets, entitlement to the top-up pension will be between 0% and a maximum of 0.92% of the reference salary.

The supplementary pension benefits are capped at eight times the annual limit set by the Social Security.

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

Mr Gilles Pélisson, CEO

RE-INVOICING BY BOUYGUES OF PENSION CONTRIBUTIONS FOR THE CEO

The Annual General Meeting of 13 April 2017 also approved the re-invoicing agreement concluded with Bouygues, for a period of one year as from 1 January 2017, in respect of the share of the premium paid by Bouygues to the insurance company for Mr Gilles Pélisson.

In respect of financial year 2017, Bouygues invoiced the amount of €443,088 excluding taxes (including the 24% tax paid to URSSAF).

Persons concerned

Bouygues shareholder, Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors)

Mr Gilles Pélisson, CEO

Courbevoie and Paris-La Défense, 23 February 2018

The Statutory Auditors

French original signed by:

MAZARS		ERNST & YOUNG Audit	
Gilles Rainaut	Marc Biasibetti	Bruno Perrin	Laurent Vitse

5.4 STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL

This is a free translation into English of a report issued in French 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.

Annual General Meeting of 19 April 2018

Twelfth resolution

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Article L. 225-209 of the French Commercial Code *(Code de commerce)* in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorised, for a period of 18 months starting on the date of this Shareholders' Meeting, to proceed with the cancellation of shares the company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of 24 months in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, 23 February 2018

The Statutory Auditors

French original signed by:

MAZARS		ERNST & YOUNG Audit	
Gilles Rainaut	Marc Biasibetti	Bruno Perrin	Laurent Vitse

5.5 INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

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.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[(1)], under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Télévision Française 1 (TF1), we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 12 2017, 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 of the French Commercial Code (Code de commerce), in accordance with the protocols used by the company, concerning HR reporting on one hand and environmental and societal reporting on the other hand (hereafter referred to as the "Criteria"), 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. 822-11-3 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;

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular the one concerning the Sapin II law n°2016-1691 of 9 December 2016 (anti- corruption).

Our verification work mobilized the skills of five people between October 2017 and February 2018 for an estimated duration of eight weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third- party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

(1) Scope available at www.ofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

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. 225-105-1, 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) within the limits specified in the introduction of chapter 7.

CONCLUSION

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR Information.

2. LIMITED ASSURANCE ON CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We undertook ten interviews with people responsible for the preparation of the CSR Information with the CSR Department, the General Secretary, the Competition and Regulatory Affairs Department, the Social Affairs Department, the Purchasing Department, Management Control of Social Data Department, and the HR Development Department, 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[(1)]:

- 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;
- 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.

At this level, supporting documents are available regarding French workforce, which represents 82.5% of the entire Group's consolidated workforce.

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.

(1) Social information:
– Selected KPIs (quantitative information): total headcount by types of contracts, hiring and departures including dismissals, women managers, absenteeism rate, frequency and severity rates of work accidents, occupational diseases, total hours of training. – Qualitative information: measures undertaken for gender equality, anti-discrimination policies and actions, training policies.
Environmental and societal information:
– Selected KPIs (quantitative information): number of CSA interventions, consistency of the evolution of CSR criteria addressable and addressed expenditure, amount of in-kind donations, energy consumption and total waste.
– Qualitative information: importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, partnership and sponsorship initiatives, protection of personal data, measures undertaken to improve energy efficiency and to promote the use of renewable energy.

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, the 15 February 2018

French original signed by:

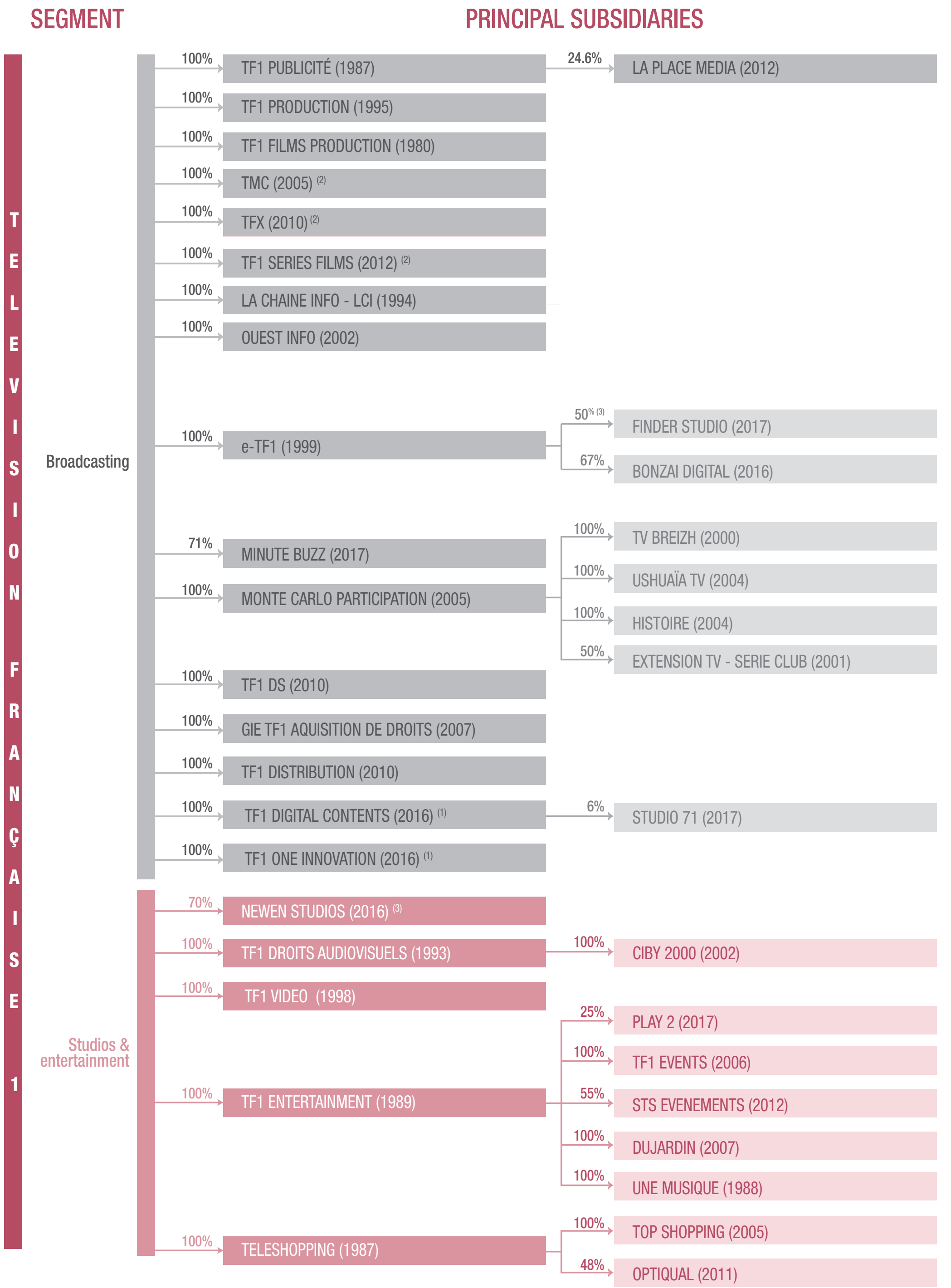
Independent Verifier
ERNST & YOUNG et Associés

Partner, Sustainable Development	Partner
Éric Mugnier	Gilles Cohen

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

6.1 INFORMATION ABOUT TF1 AFR

6.1.1 SIMPLIFIED ORGANISATION CHART AS OF 31 DECEMBER 2017 AFR



The year of incorporation or acquisition is shown in parentheses.

(1) Held via TF1 EXPANSION.
(2) Held via MONTE CARLO PARTICIPATION.
(3) Held by Makever on behalf of e-TF1 in connection with a "société en participation" (silent partnership)
(4) Group made up of about sixty subsidiaries.

6.1.2 GENERAL INFORMATION

Company name: TÉLÉVISION FRANÇAISE 1 – TF1

Registered Office: 1, quai du Point du jour, 92100 Boulogne-Billancourt, France

Telephone: +33 (0)1 41 41 12 34

Registration number: 326 300 159 RCS Nanterre

APE code (principal business): 6020A – General interest broadcaster

Legal form: French-law *société anonyme* (public limited company) with a Board of Directors

Date of incorporation: 17 September 1982

Date of expiration: 31 January 2082

Financial year: 1 January to 31 December

6.1.3 CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

The purpose of the company shall be:

- to operate an audiovisual communication service as authorised by applicable laws and regulations including in particular the conception, production, scheduling and broadcasting of television programmes, including advertising messages and announcements;
- to carry out, in France or abroad, industrial, commercial, financial, movable property or real property operations or transactions relating directly or indirectly to that purpose or to purposes which are similar, related or complementary or which may facilitate the attainment or development thereof or to any company asset, including:
  - assessing, producing, acquiring, selling, renting and exploiting recordings of images and/or sound, news reports and films intended for television, cinema or radio broadcasting,
  - undertaking advertising sales transactions,
  - providing services of all kinds for radio and television broadcasting;

  all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, capital contributions, limited partnerships, subscriptions, purchase of company shares or rights, mergers, alliances, joint ventures, inward or outward franchising of assets or rights, or by any other means.

The company shall act in accordance with its terms of reference and with applicable legislation.

6.1.4 DISTRIBUTION OF PROFITS (ARTICLE 26 OF THE ARTICLES OF ASSOCIATION)

Five per cent of the net profit for the financial year minus any prior-year losses shall be appropriated to constitute the legal reserve. Such appropriation shall cease to be mandatory once the legal reserve reaches an amount equal to one-tenth of the share capital. It shall become mandatory again when for any reason the reserve falls below one-tenth of the share capital.

Distributable earnings shall comprise net profit for the financial year minus (i) any prior-year losses and (ii) any amounts appropriated to reserves in compliance with the law and the Articles of Association, plus any retained earnings brought forward.

Those earnings shall be distributed between all shareholders in proportion to the number of shares they own.

6.1.5 GENERAL MEETINGS (ARTICLES 19 TO 24 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings shall be convened in accordance with the rules stipulated by law. General Meetings shall be open to all shareholders irrespective of the number of shares they own.

6.1.6 RIGHTS ATTACHED TO SHARES (ARTICLES 7 TO 9 OF THE ARTICLES OF ASSOCIATION)

Each share shall give entitlement to a share in the corporate assets and in the distribution of profits proportionate to the interest in the capital that it represents. Each shareholder shall have as many voting rights and may cast as many votes at Meetings as he has shares. Pecuniary and non-pecuniary rights may be restricted by law or under the Articles of Association. Under Article 7 of the Articles of Association, shareholders whose identity has not been declared to the company are stripped of voting rights. Article 8 of the Articles of Association refers to Article 40 of law no. 86-1067 of 30 September 1986, as amended, which stipulates a mechanism for capping voting rights. For a description of that mechanism refer to section 6.2, "Legal Environment".

6.1.7 IDENTIFIABLE BEARER SHARES (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

The company may at any time, on the conditions stipulated by laws and regulations, ask the central depository in charge of the securities issue account to divulge the name or company name, nationality, year of birth or incorporation and address of holders of securities giving immediate or future entitlement to vote at its General Meetings, as well as the number of securities held by each holder and any restrictions thereon. Failure to provide such information may result in the full or partial stripping or suspension of the voting rights attached to the shares, and of any corresponding dividends.

6.1.8 CROSSING OF OWNERSHIP THRESHOLDS SPECIFIED IN THE ARTICLES OF ASSOCIATION (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

Any person acting alone or in concert who obtains at least 1%, 2%, 3% or 4% of the capital or voting rights shall within the five days following registration in their account of the shares that caused them to attain or exceed that threshold declare to the company, by sending a registered letter with acknowledgement of receipt to the registered office, the total number of shares and the number of voting rights they possess.

Such declaration must be made on the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is crossed either upwards or downwards.

In the event of failure to make a declaration as stipulated above, those shares in excess of the thresholds that should have been declared shall be stripped of voting rights on the conditions stipulated by law if one or more shareholders holding at least 5% of the capital so request at a General Meeting.

6.1.9 SHAREHOLDER AGREEMENTS ENTERED INTO BY TF1

TF1 has entered into a number of shareholder agreements, the most significant of which are detailed below:

PROSIEBENSAT.1 DIGITAL CONTENT LP SHAREHOLDER AGREEMENT

TF1, Mediaset, and the other shareholders of ProsiebenSat.1 Digital Content LP have entered into a shareholder agreement relating to the equity stakes (6% in the case of TF1) taken by them in the capital of ProsiebenSat.1 Digital Content LP, a company governed by English law that operates Studio71, the no. 3 MCN (Multi Channel Network) worldwide. The principal terms of the agreement are as follows:

- TF1 has the right to designate one member of the Board of Directors of ProsiebenSat.1 Digital Content LP;
- TF1 has an option to buy the shares held by ProsiebenSat.1 Digital Content LP (49%) in the joint subsidiary that operates Studio71 in France in the event that the right to force a sale of TF1's shares in ProsiebenSat.1 Digital Content LP is exercised.

ProsiebenSat.1 Digital Content LP will develop the activities of Studio71 through subsidiaries in France (with TF1) and in Italy and Spain (with Mediaset).

NEWEN STUDIOS SHAREHOLDER AGREEMENT

On 26 January 2016, Fabrice Larue, FIFL (a company controlled by Fabrice Larue) and the other selling shareholders (the "Vendors") of the one part, and TF1 on the other, signed a shareholder agreement governing their relations within Newen Studios (the parent company of the Newen group, which includes Newen and Neweb). The main terms of the agreement, which was signed concomitantly with TF1's acquisition of an equity interest in Newen Studios, are as follows:

- the Vendors, including the management team, retain a 30% interest in Newen Studios;
- the Supervisory Board has six members, three designated by TF1 and three by FIFL; the Chairman of the Supervisory Board is drawn from among the members designated by TF1;
- FIFL is the company's first Chairman;
- under the terms of reciprocal buy/sell undertakings, the Vendors have an option to sell, and TF1 has an option to acquire, the residual 30% interest held by the Vendors in the diluted share capital during a five-year period starting in 2018 subject to the terms stipulated in those undertakings;
- the shares of Newen Studios will be non-transferable until expiration of the exercise period of the above-mentioned options.

6.1.10 FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Refer also to the explanations about the licensing regime and legal restrictions on ownership of the share capital of TF1 provided in section 6.2 ("Legal Environment"). Specifically, Article 42-3 of the French Audiovisual Communication Act of 30 September 1986 as amended states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA (the French broadcasting regulator) without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure.

Pursuant to Article L. 225-37-5 of the French Commercial Code, the factors liable to have an impact in the event of a public offer for the company's shares are as follows:

- **capital structure:** the relevant information is provided in section 6.4, "Share Ownership". The principal shareholders of TF1 as of 31 December 2017 were Bouygues (43.8% of the share capital) and TF1 group employees (6.7% of the share capital, *via* the "TF1 Actions" employee share ownership fund). Their votes could have an impact in the event of a public offer for TF1 shares;
- **restrictions on the exercise of voting rights under the Articles of Association:** under Article 7 of the Articles of Association (summarised under 6.1.7 and 6.1.8 above), voting rights are stripped from shareholders whose identity is not disclosed on demand by the company, or who fail to declare that they have crossed a threshold of 1%, 2%, 3% or 4% of the company's share capital or voting rights. Those restrictions could have an impact in the event of a public offer for TF1 shares;
- **restrictions on share transfers under the Articles of Association and contractual clauses notified to the company pursuant to Article L. 233-11 of the French Commercial Code:** not applicable;
- **direct or indirect holdings in the share capital of which TF1 is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code:** this information is provided in section 6.4, "Share Ownership";
- **list of holders of securities conferring special control rights, and description of those rights:** not applicable;
- **control mechanisms stipulated in employee share ownership schemes:** under the rules of the "TF1 Actions" employee share ownership fund, it is the fund's Supervisory Board (rather than the employees themselves) that exercises voting rights and decides whether to tender shares to a public offer. The fund, which held 6.7% of the voting rights as of 31 December 2017, could have an impact on the outcome of a public offer for TF1 shares;
- **agreements between shareholders of which the company is aware and which could place restrictions on the transfer of shares and the exercise of voting rights:** not applicable**;**
- **rules applicable to the appointment and replacement of members of the Board of Directors:** the company is administered by a Board of Directors with between three and eighteen members subject to the dispensations stipulated by law. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986, at least one-sixth of the Board of Directors consists of employee representatives, one seat being reserved for engineers, managers and those in a similar category. The term of office of directors other than employee representatives is three years. The term of office of directors representing employees expires at the end of a two-year period starting from the date of their election. Directors other than employee representatives are appointed or reappointed by an Ordinary General Meeting of shareholders, which may also remove them from office at any time. Employee representative directors are elected by the employees of TF1 and may only be removed from office by court order for misconduct in office. Directors may stand for re-election. Legal persons serving as directors are required to appoint a standing representative on the conditions stipulated by law. Refer also to the information provided in the report on corporate governance in section 2.2 of this registration document;
- **rules applicable to amendments to the company's Articles of Association:** under Article L. 225-96 of the French Commercial Code, only an Extraordinary General Meeting of the shareholders has authority to amend the Articles of Association, and any clause that stipulates otherwise is deemed null and void;
- **powers of the Board of Directors to issue and buy back shares:** refer to the tables summarising authorisations and delegations of powers presented in section 6.3.4 below. In particular:
  - the authorisation to buy back the company's own shares, granted by the Annual General Meeting of 13 April 2017 (12th resolution) prohibits any order being placed during the period of a public offer for the company's shares; the Annual General Meeting scheduled for 19 April 2018 will be asked to replace that authorisation with a new authorisation with the same purpose,
  - as regards issuance of debt securities by public offering or private placement, it is appropriate that acting in the corporate interest, the Board of Directors should be able to use the delegations of powers or authorisations granted by the Annual General Meeting of 13 April 2017 (14th, 16th, 17th and 19th resolutions) even during the period of a public offer for the company's shares;
  - there is no current or pending resolution whereby the General Meeting of shareholders would delegate powers to the Board of Directors to issue share warrants during the period of a public offer for the company's shares;
- **agreements entered into by the company that would be amended or lapse in the event of a change of control:** refer to the explanations about the licensing regime provided in section 6.2, "Legal Environment". Specifically, Article 42-3 of the French Audiovisual Communication Act of 30 September 1986 as amended states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure;
- **agreements under which directors or employees would be entitled to compensation if they resign or are dismissed without genuine and serious cause or if their employment is terminated as a result of a public offer:** not applicable. Although not a severance benefit as such, a director who is also an employee of the company is covered by the relevant collective agreement and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Fanny Chabirand and Sophie Leveaux Talamoni would be entitled to receive such compensation.

6.1.11 AGREEMENTS ENTERED INTO BY CORPORATE OFFICERS OR SHAREHOLDERS WITH SUBSIDIARIES OR SUB-SUBSIDIARIES OF TF1

Pursuant to Article L. 225-37-4 of the French Commercial Code, any agreements entered into directly or *via* an intermediary between (i) the Chief Executive Officer, a director, or a shareholder holding more than 10% of the voting rights of TF1 SA and (ii) any other company of which TF1 directly or indirectly owns more than half of the share capital, must be disclosed in the Management report unless such agreements are entered into in the ordinary course of business on arm's length conditions. The company is not aware of the existence of any such agreements.

6.1.12 ARTICLES OF ASSOCIATION

The currently valid Articles of Association of TF1 can be consulted at the company's registered office, and are also available on the corporate website at: http://www.groupe-tf1.fr/en/investors/governance.

6.2 LEGAL ENVIRONMENT

6.2.1 SHARE OWNERSHIP

Under the terms of Article 39 of law no. 86-1067 of 30 September 1986 as amended, no single natural person or legal entity acting alone or in concert may directly or indirectly hold more than 49% of the capital or voting rights of a company that holds a licence to operate a national terrestrial television service whose average annual audience (terrestrial, cable and satellite) exceeds 8% of the total television audience.

Under the terms of Article 40 of law no. 86-1067 of 30 September 1986 as amended, no natural person or legal entity of non-European nationality may make any acquisition that has the effect of directly or indirectly increasing to more than 20% the percentage interest held by foreigners in a company that holds a licence to operate a terrestrial television service.

Under the terms of Article 41 of the law of 30 September 1986 as amended by the law of 9 July 2004, no single natural person or legal entity may directly or indirectly hold more than seven individual licences to operate a national Digital Terrestrial Television service.

6.2.2 LICENSING REGIME

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a ten-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997.

The licence was renewed for a further five-year period (*via* decision no. 96–614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

In accordance with Articles 28-1, 82 and 99 of the law of 30 September 1986 as amended, TF1's broadcasting licence has been "automatically" renewed several times.

TF1 also has a supplementary licence to broadcast in high definition (HD), awarded by the CSA (the French broadcasting regulator) in decision no. 2008-424 of 6 May 2008, for a ten-year period ending 5 May 2018.

In 2016, as part of the process of freeing up the 700 MHz spectrum for telecoms operators and the resulting shutdown of two DTT multiplexes, TF1 (at the request of the CSA) surrendered its licence to broadcast in standard definition (SD), retaining only its licence to broadcast in HD.

On 27 July 2017, the CSA (in decision no. 2017-523) renewed TF1's licence to broadcast on HD DTT for a further five-year period. This licence will expire on 5 May 2023.

Article 42-3 of the French Audiovisual Communication Act of 30 September 1986 states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure.

6.2.3 PRINCIPAL LEGAL TEXTS AND OBLIGATIONS

LEGAL TEXTS

- Terms of reference established by Decree no. 87–43 of 30 January 1987 and by the decision of 27 July 2017 renewing the licence granted to TF1;
- Law no. 86-1067 of 30 September 1986 as amended;
- Directive 2010/13/EU (the Audiovisual Media Services Directive) of 10 March 2010;
- Decree no. 2010-747 of 2 July 2010 as amended, on the contribution of terrestrial television services to the production of made-for-cinema films and audiovisual works;
- Decree no. 90–66 of 17 January 1990 as amended (obligations to broadcast);
- Decree no. 92–280 of 27 March 1992 (obligations relating to advertising and sponsorship).

The principal obligations currently in force relating to broadcasting and to investment in production are as follows:

- No more than 192 made-for-cinema films per year may be broadcast, of which no more than 144 may begin between 8.30pm and 10.30pm, and none may be broadcast on Wednesday or Friday evening, Saturday all day, or Sunday before 8.30pm;
- Quotas apply to made-for-cinema films and audiovisual works, across the entire output and in peak viewing hours, whereby at least 60% of broadcast material must be European and 40% must be original French works;
- At least two-thirds of annual broadcasting time on the TF1 core channel must be devoted to French-language programmes;
- There is an obligation to broadcast at least 900 hours of children's programmes annually, comprising 150 hours on the TFX channel and 750 hours on the TF1 core channel (the latter to include at least 650 hours of animation);
- There is an obligation to broadcast at least 800 hours of news programmes annually;
- There is an obligation to commission programmes, whereby 12.5% of net advertising revenue for the previous financial year must be spent on commissioning original French or European audiovisual works in the following categories: drama, documentaries, cartoons, live shows and music videos. This must include at least 120 hours of first-run French-language or European audiovisual works (including 30 hours of repeats) in slots starting between 8pm and 9.30pm;
- There is an obligation to invest 0.6% of net advertising revenue for the previous financial year in commissioning European or French-language cartoons (this figure is included in the 12.5% general obligation mentioned above), with at least 0.45% of that revenue spent on commissioning from independent producers;
- There is a further obligation to invest 3.2% of net advertising revenue for the previous financial year in the co-production of European made-for-cinema films, with at least 2.5% of that revenue invested in French-language films and at least 75% of the orders placed with independent producers. Such investments must be made by a subsidiary of the broadcaster (TF1 Films Production, in the case of TF1) as a minority investor; the broadcaster and the co-producer should have broadly equivalent shares in the production;
- There is also an obligation to make all the channel's programmes (other than adverts) accessible to the deaf or hard-of-hearing. The CSA may agree to exempt some programmes from this obligation due to their specific nature (this dispensation is written into TF1's terms of reference).

Compliance with these obligations is monitored, and under Articles 42 to 42-11 of the law of 30 September 1986 the CSA has the power to impose financial penalties in the event of non-compliance.

To protect children and adolescents, TF1 has adopted a five-tier classification system giving an on-screen indication of the suitability of a programme for various age groups.

6.3 SHARE CAPITAL

AFR

6.3.1 AMOUNT OF SHARE CAPITAL AND CATEGORY OF SHARES

As of 31 December 2016 the company had total share capital of €41,883,508.40, divided into 209,417,542 shares with a par value of €0.20 each. TF1 did not hold any of its own shares. The total number of voting rights, including shares stripped of voting rights in accordance with the calculation method laid down in the General Regulation of the AMF (the French financial markets authority), was 209,417,542 votes.

Between 1 January 2017 and 31 December 2017, 448,200 shares were created as a result of the exercise of stock options.

As of 31 December 2017 the company had total share capital of €41,973,148.40, divided into 209,865,742 shares with a par value of €0.20 each. TF1 did not hold any of its own shares. The total number of voting rights, including shares stripped of voting rights in accordance with the calculation method laid down in the AMF General Regulation, was 209,865,742 votes.

No stock options were exercised between 1 January 2018 and 15 February 2018.

The shares in issue represent 100% of the existing capital and voting rights.

There are no founders' shares, profit certificates, convertible or exchangeable bonds, voting right certificates, investment certificates, double voting rights, or preference shares.

Shares are freely negotiable subject to the applicable legal and regulatory restrictions and specifically to the conditions stipulated by law no. 86-1067 of 30 September 1986 as amended. Shareholders are bound to comply with the specific requirements relating to ownership or acquisition of the company's shares as contained in the Articles of Association and in laws and regulations.

The company is authorised to make use of legal provisions on the identification of holders of securities granting the right to vote in its Shareholder Meetings immediately or at a later date. To ascertain the profile of its share owners, TF1 periodically reviews its registered and bearer shareholder base, as identified through Euroclear.

6.3.2 SHARE BUYBACKS

USE DURING 2017 OF THE SHARE BUYBACK PROGRAMMES APPROVED BY ANNUAL GENERAL MEETINGS

The Annual General Meetings of 14 April 2016 and 13 April 2017 authorised the Board of Directors (as permitted under Articles L. 225-209 *et seq.* of the French Commercial Code) to buy shares in the company up to a limit of 10% of the number of shares making up the share capital on the date the buyback programme is used. These authorisations permit the Board of Directors to buy shares in the company in order to cancel them.

The Annual General Meetings of 14 April 2016 and 13 April 2017 authorised the Board of Directors to reduce the share capital by cancelling repurchased shares, up to a limit of 10% of the share capital per 24-month period.

Under the aforementioned authorisations, TF1 did not acquire, hold or cancel any of its own shares in 2017.

TF1 did not acquire any of its own shares in the market between 1 January 2018 and 15 February 2018 under the authorisation granted by the Annual General Meeting of 13 April 2017.

The authorisation to buy back the company's own shares granted by the Annual General Meeting of 13 April 2017 expires on 13 October 2018. Accordingly, a proposal will be submitted to the next Annual General Meeting on 19 April 2018 to renew that authorisation on the basis described below.

6.3.3 DESCRIPTION OF THE NEW SHARE BUYBACK PROGRAMME SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING ON 19 APRIL 2018

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company hereby provides a description of the share buyback programme that will be submitted for approval by the Annual General Meeting on 19 April 2018. That programme will replace the programme authorised by the Annual General Meeting of 13 April 2017.

NUMBER OF SHARES AND PERCENTAGE OF SHARE CAPITAL HELD BY TF1 – OPEN POSITIONS IN DERIVATIVES

As of 15 February 2018, the company did not own any of its own shares. It had no open position in derivatives.

OBJECTIVES OF THE BUYBACK PROGRAMME

The Board of Directors is requesting the Annual General Meeting of 19 April 2018 for authority to buy back the company's own shares, up to a maximum of 10% of the share capital.

That authorisation would cover various objectives, including those mentioned in Article 5 of Regulation 596/2014/EU on market abuse or a market practice recognised by the AMF.

Those objectives are:

- reducing the share capital by cancelling shares on the conditions stipulated by law, subject to authorisation from an Extraordinary General Meeting;
- allotting or transferring shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures stipulated by law, and particularly in connection with profit-sharing or stock option plans, or *via* company or Group savings schemes, or through the allotment of free shares;
- holding shares and as the case may be using them subsequently as a means of payment or exchange in the event of an acquisition, merger, demerger or transfer of assets, in accordance with applicable regulations;
- ensuring liquidity and making a market in the company's shares through an investment services provider operating within the framework of a liquidity agreement that complies with an AMF-recognised Code of Conduct;
- fulfilling obligations attached to debt securities, in particular securities giving entitlement to the allotment of shares in the company *via* redemption, conversion, exchange, or in any other way;
- implementing any market practice accepted by the AMF and more generally, conducting any transaction that complies with applicable regulations.

OBJECTIVES OF THE NEW BUYBACK PROGRAMME

Subject to approval by the Annual General Meeting of the resolution relating to share buybacks, the Board of Directors' Meeting of 15 February 2018 decided to set the objectives of the new buyback programme as follows:

- reducing the share capital by cancelling shares on the conditions stipulated by law, subject to authorisation from the Extraordinary General Meeting;
- allotting or transferring shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures stipulated by law, and particularly in connection with profit-sharing or stock option plans, or *via* company or Group savings schemes, or through the allotment of free shares.

The Board of Directors reserves the right to extend the programme to other objectives included among those submitted to the Annual General Meeting of 19 April 2018 for approval. In that eventuality, the company would inform the market *via* a press release.

MAXIMUM PERCENTAGE OF SHARE CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE – MAXIMUM PURCHASE PRICE

The programme allows the company to buy back its own shares at a price of up to €20 per share, subject to adjustments relating to corporate actions.

The Board of Directors has set the maximum amount of funds allocated to this buyback programme at €300 million, equivalent to a maximum of 15,000,000 shares based on the price of €20 per share submitted to the Annual General Meeting for approval.

As required by law, the total number of shares held at any given date may not exceed 10% of the share capital at that same date.

The shares acquired may be reallocated or transferred subject to the conditions set by the AMF, and in particular those contained in AMF Position-Recommendation DOC-2017–04, "Guidance on trading by listed issuers in their own securities and stabilisation measures".

Repurchased shares retained by TF1 are stripped of voting rights and are not entitled to payments of dividend.

Shares may be acquired, sold, transferred or exchanged by any means subject to AMF rules, on market or off market, *via* multilateral trading facilities or systematic internalisers or over the counter, by means of derivative financial instruments, and at any time, except during the period of a public tender offer or public exchange offer for the company's shares. The portion of the programme that may be carried out through block trades is not restricted, and may extend to the entire programme.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Annual General Meeting of 19 April 2018.

6.3.4 TRADING IN TF1 SHARES DURING 2017 BY DIRECTORS AND KEY EXECUTIVES OR BY PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

In accordance with Article 223-26 of the AMF General Regulation, the following table sets out transactions in TF1 shares carried out in 2017 by directors and key executives or persons of equivalent status.

Person involved	Office held	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Gross amount before taxes and fees *(€)*
Sophie Leveaux Talamoni	Director	In a personal capacity	Exercise of options	1	12,800	€78,976
			Disposal	1	12,800	€136,960
Christine Bellin	Vice President, Strategy, Development and Transformation	In a personal capacity	Exercise of options	1	4,800	€29,616
			Disposal	1	4,800	€58,416
Philippe Denery	Executive Vice President, Finance and Procurement	In a personal capacity	Exercise of options	1	12,000	€74,040
			Disposal	1	12,000	€147,023

6.3.5 FINANCIAL AUTHORISATIONS

FINANCIAL AUTHORISATIONS IN EFFECT AS OF THE DATE OF THE ANNUAL GENERAL MEETING OF 19 APRIL 2018

The following table summarises financial authorisations granted by the General Meeting to the Board of Directors and still in effect, and the use made of such authorisations in 2017.

The only authorisations used during 2017 were grants of stock options and awards of performance shares to employees.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining[(1)]	Annual General Meeting	Resolution no.	Use made of authorisation during the year
Share buybacks and capital reduction							
Purchase by the company of its own shares	10% of share capital		18 months	6 months	13/04/2017	12	Not used
Capital reduction through cancellation of shares	10% of share capital per 24-month period		18 months	6 months	13/04/2017	13	Not used
Issuance of securities							
Capital increase with PR[(2)]	€8.4 million	€900 million	26 months	14 months	13/04/2017	14	Not used
Capital increase through incorporation of share premium, profits or reserves	€400 million		26 months	14 months	13/04/2017	15	Not used
Capital increase without PR[(2)] by public offering	€4.2 million	€900 million	26 months	14 months	13/04/2017	16	Not used
Capital increase without PR[(2)] through private placement	€4.2 million	€900 million	26 months	14 months	13/04/2017	17	Not used
Setting of issue price, without PR[(2)], of shares or securities	10% of share capital		26 months	14 months	13/04/2017	18	Not used
Increase in the number of securities to be issued in the event of a capital increase with or without PR[(2)]	15% of initial issue		26 months	14 months	13/04/2017	19	Not used
Capital increase to remunerate in-kind contributions made up of shares (or securities giving access to capital) of another company	10% of share capital	€900 million	26 months	14 months	13/04/2017	20	Not used
Capital increase without PR[(2)], to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	14 months	13/04/2017	21	Not used
Issues reserved for employees and corporate officers							
Grants of stock options	3% of share capital		38 months	26 months	13/04/2017	24	710,400 stock subscription options awarded (0.38% of the capital) 24 to 119 grantees[(3)]
Awards of performance shares, whether existing or to be issued	3% of share capital		38 months	14 months	14/04/2016	17	172,000 performance shares awarded (0.08% of the capital) 17 to 29 grantees[(3)]
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of share capital		26 months	14 months	13/04/2017	23	Not used

(1) Starting from the vote at the Annual General Meeting of 19 April 2018.
(2) PR: pre-emptive rights.
(3) Awarded subject to performance conditions. Common limit. No award was made to the Chairman & Chief Executive Officer.

FINANCIAL AUTHORISATIONS SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING OF 19 APRIL 2018

The financial authorisations granted by the Annual General Meetings of 14 April 2016 and 13 April 2017 will expire in 2019, except for the authorisations relating to share buybacks and capital reductions by cancellation of shares (resolutions 12 and 13 of the Annual General Meeting of 13 April 2017) which will expire on 13 October 2018.

The table below sets out the financial authorisations to be granted to the Board of Directors at the Annual General Meeting of 19 April 2018.

These new delegations are in the same vein as similar ones authorised at previous Annual General Meetings and are consistent with usual practice and recommendations concerning the amount, ceiling and duration (18 months).

The company will not be permitted to buy back its own shares during the period of a public tender offer or public exchange offer. In addition, share buybacks may be effected by the use of derivatives, the Board taking the view that the terms offered by such use might be in the financial interest of the company and shareholders. The 10% limit and €300 million allocation have both been maintained to ensure that the Board of Directors retains ample room for manoeuvre.

TF1 had no debt as of 31 December 2017 and 15 February 2018.

For information, the resolutions relating to share buybacks and capital reductions were adopted by the Annual General Meeting of 13 April 2017 by an average vote of 100%.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining*	Annual General Meeting	Resolution no.
Share buybacks and capital reduction						
Purchase by the company of its own shares	10% of share capital		18 months	18 months	19/04/2018	11
Capital reduction through cancellation of shares	10% of share capital per 24-month period		18 months	18 months	19/04/2018	12

* *Starting from the vote at the Annual General Meeting of 19 April 2018.*

6.3.6 POTENTIAL SHARE CAPITAL

As of 31 December 2017, a total of 661,083 stock subscription options (0.32% of the share capital) were no longer in their lock-up period and had an exercise price lower than the market price at 29 December 2017 (the last quoted price in the financial year) of €12.29.

Information about options outstanding is provided in Note 7.4.6. to the consolidated financial statements, in section 4 of this registration document and Annual Financial Report.

6.3.7 CHANGES IN SHARE CAPITAL DURING THE LAST FIVE YEARS

CHANGES IN SHARE CAPITAL TO 31 DECEMBER 2017

Date	Corporate action	Number of shares	Increase/decrease in share capital *(€)* Par value	Share premium & incorporation of reserves	Total capital after change *(€)*	Total number of shares after change
16/01/2013	Exercise of stock options in plan no. 11 at €5.98	1,946	389	11,248	42,125,253	210,626,267
19/02/2013	Cancellation of own shares	(338,684)	(67,737)	2,941,386	42,057,517	210,287,583
25/03/2013 to 04/11/2013	Exercise of stock options in plan no. 11 at €5.98	836,309	167,262	4,833,866	42,224,778	211,123,892
07/11/2013	Cancellation of own shares	(30,000)	(6,000)	248,637	42,218,778	211,093,892
08/11/2013 to 31/12/2013	Exercise of stock options in plan no. 11 at €5.98	166,121	33,224	960,179	42,252,002	211,260,013
01/01/2014 to 31/12/2014	Exercise of stock options in plan no. 11 at €5.98	268,751	53,750	1,553,380	42,305,752	211,528,764
01/01/2015 to 27/10/2015	Exercise of stock options in plan no. 11 at €5.98	210,586	42,117	1,217,187	42,347,870	211,739,350
	Exercise of stock options in plan no. 12 at €12.47	244,400	48,880	2,998,788	42,396,750	211,983,750
28/10/2015	Cancellation of own shares	(1,482,183)	(296,437)	19,703,564	42,100,313	210,501,567
29/10/2015 to 31/12/2015	Exercise of stock options in plan no. 11 at €5.98	20,000	4,000	115,600	42,104,313	210,521,567
01/01/2016 to 26/10/2016	Exercise of stock options in plan no. 11 at €5.98	131,176	26,235	758,197	42,130,547	210,652,743
	Exercise of stock options in plan no. 13 at €6.17	150,317	30,063	897,392	42,160,612	210,803,060
27/10/2016	Cancellation of own shares	(1,420,718)	(284,144)	12,814,113	41,876,468	209,382,342
27/10/2016 to 31/12/2016	Exercise of stock options in plan no. 13 at €6.17	35,200	7,040	210,144	41,883,508	209,417,542
01/01/2017 to 31/12/2017	Exercise of stock options in the 2011 plan at €12.47	30,000	6,000	368,100	41,889,508	209,447,542
	Exercise of stock options in the 2012 plan (no. 13) at €6.17	418,200	83,640	2,496,654	41,973,148	209,865,742

6.4 SHARE OWNERSHIP

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6.4.1 MANAGEMENT OF TF1 SHARES

As the issuing company, TF1 provides its own registrar and paying agent services.

6.4.2 SHAREHOLDER AGREEMENTS RELATING TO THE CAPITAL OF TF1

As far as the company is aware there are at present no shareholder agreements or concert parties relating to the capital of TF1, and no agreements that if implemented could result in a change of control of the company at a future date.

6.4.3 SHAREHAOLDERS AND OWNERSHIP STRUCTURE

NUMBER OF SHARES AND VOTING RIGHTS

Date	Number of shares	Total number of voting rights	
		Theoretical(1)	Exercisable(2)
31 December 2017	209,865,742	209,865,742	209,865,742
31 December 2016	209,417,542	209,417,542	209,417,542
31 December 2015	210,521,567	210,521,567	209,033,985

(1) In compliance with Article 223-11 of the AMF General Regulation, the number is based on the total number of shares to which voting rights are attached, including shares from which voting rights have been stripped.
(2) This number, provided for information purposes, excludes shares from which voting rights have been stripped.

There are no double voting rights.

To the best of the company's knowledge, no TF1 shares have been pledged and TF1 has pledged none of its subsidiaries' shares.

The control structure of the company is described below. However, the company considers that there is no risk of abuse of control. The Board of Directors and Board committees include a significant proportion of independent Directors. In addition, TF1 applies the recommendations of the AFEP/MEDEF Corporate Governance Code, which are included as an appendix to the Board's Rules of Procedure.

To the best of the company's knowledge, there has been no material change in the ownership structure since 31 December 2017.

CHANGES IN OWNERSHIP STRUCTURE

To the best of the knowledge of the Board of Directors, changes in the company's share ownership structure over the past three years are as indicated below:

	31 December 2017			31 December 2016			31 December 2015		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Bouygues	**91,946,297**	**43.8%**	**43.8%**	**91,946,297**	**43.9%**	**43.9%**	**91,946,297**	**43.7%**	**44.0%**
Free float – rest of world(1)	**69,575,270**	**33.2%**	**33.2%**	**60,290,960**	**28.8%**	**28.8%**	**61,922,457**	**29.4%**	**29.6%**
Free float – France(1)(2)	**34,060,137**	**16.2%**	**16.2%**	**41,977,816**	**20.0%**	**20.0%**	**41,500,791**	**19.7%**	**19.9%**
TF1 employees	**14,284,038**	**6.8%**	**6.8%**	**15,202,469**	**7.3%**	**7.3%**	**13,664,440**	**6.5%**	**6.5%**
via "FCPE TF1 Actions"(3)	*14,080,439*	*6.7%*	*6.7%*	*15,043,947*	*7.2%*	*7.2%*	*13,490,890*	*6.4%*	*6.5%*
as registered shareholders	*203,599*	*0.1%*	*0.1%*	*158,522*	*0.1%*	*0.1%*	*173,550*	*0.1%*	*0.1%*
Treasury shares	-	-	-	-	-	-	1,487,582	0.7%	0.0%
TOTAL	**209,865,742**	**100.0%**	**100.0%**	**209,417,542**	**100.0%**	**100.0%**	**210,521,567**	**100.0%**	**100.0%**

(1) Estimates based on Euroclear statements.
(2) Including unidentified holders.
(3) Shares held by employees under the employee share ownership scheme. FCPE TF1 Actions, the fund associated with the scheme, receives voluntary contributions from employees and the top-up contribution paid by the company. It invests in TF1 shares by buying them directly on the market. The Supervisory Board of the FCPE TF1 Actions fund exercises the voting rights attached to the equity securities in its portfolio and decides whether to tender the securities into a public offer. As of 31 December 2017, 59.6% of the fund's assets were available.
(4) Employees holding registered shares exercise their voting rights individually.

The voting rights attached to the treasury shares held by TF1 are not exercisable. There are no other differences between the total number of theoretical voting rights and the total number of voting rights that may be exercised at a General Meeting.

DECLARATIONS OF CROSSING OF SHARE OWNERSHIP THRESHOLDS

Declarations of the crossing of share ownership thresholds by registered intermediaries or fund managers brought to the attention of TF1 in 2017, including statutory declarations brought to the attention of the AMF and declarations required under the TF1 Articles of Association brought to the attention of the company, were as follows.

Date of declaration	Date of transaction	Registered intermediary or fund manager	Threshold	Nature of change	Number of shares	% of share capital	% of voting rights
09/01/2017	05/01/2017	Natixis Asset Management	1%	Down	2,012,923	0.96%	0.96%
17/01/2017	09/01/2017	DNCA Finance and DNCA Finance Luxembourg	8%	Up	16,997,000	8.12%	8.12%
11/05/2017	27/04/2017	Braun, Von Wyss & Müller	1%	Down	2,034,072	0.97%	0.97%
11/05/2017	10/05/2017	Norges Bank Investment Management	1%	Down	1,685,188	0.80%	0.80%
29/06/2017	26/06/2017	CDC Entreprise Valeurs Moyennes	1%	Up	2,148,143	1.02%	1.02%
26/09/2017	25/09/2017	Norges Bank Investment Management	1%	Up	2,113,783	1.01%	1.01%

Since 31 December 2017, CNP has declared that on 10 January 2018 it passed below the threshold of 2.0% of the share capital and voting rights of TF1. Based on a total number of shares in issue of 209,865,742 as of 31 December 2017, CNP's holding of 4,107,064 TF1 shares (and the same number of voting rights) represents 1.96% of the share capital and voting rights of TF1.

To the best of the company's knowledge, there are no shareholders other than Bouygues, FCPE TF1 Actions, Newton Investment Management and DNCA holding more than 5% of the voting rights.

FCPE TF1 Actions, the vehicle for the TF1 group employee share ownership scheme, held 6.7% of the share capital as of 31 December 2016.

6.5 STOCK MARKET INFORMATION

6.5.1 DESCRIPTION OF TF1 SHARES

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN code: FR0000054900; CFI: ESVUFB; ICB: 5553 – Broadcasting and Entertainment; Ticker: TFI.

As of 31 December 2017, TF1 shares were listed in various stock market indices including SBF 120, CAC Mid 60, CAC Mid & Small, Next 150 and Euro Stoxx® TMI Media.

There is currently no request pending for admission to another stock exchange.

6.5.2 SHARE PRICE AND VOLUMES

On 29 December 2017, TF1 shares closed at a price of €12.29; this represents a rise of 30% over 2017 as a whole, compared with a rise of 9.3% for the CAC 40 index and a rise of 10.8% for the SBF 120.

During 2017, the average share price was €11.63 and the average daily trading volume of TF1 shares was 268,823[(1)], 39% less than in 2016. The highest volume of shares traded in a single day was on 31 May 2017, when 1,392,434 shares were traded[(1)].

The market capitalisation of the TF1 group as of 31 December 2017 was €2.578 billion. The P/E (price/earnings) ratio as of 31 December 2017 (based on net profit attributable to the Group) was 19x, compared with a P/E of 47x as of 31 December 2016.

The table below shows trends in share prices and trading volumes in TF1 shares during 2017:

Month	High[(1)] (€)	Low[(1)] (€)	Closing (€)	Average volume of shares traded[(2)]	Market capitalisation[(3)] (€m)
January	10.26	9.35	10.19	247,027	2,134
February	11.12	9.90	10.71	365,088	2,242
March	11.36	10.60	11.20	272,043	2,347
April	11.50	10.03	10.26	304,161	2,359
May	11.88	10.94	11.42	286,440	2,394
June	12.54	11.35	12.26	243,420	2,570
July	12.59	11.01	12.39	270,274	2,598
August	12.75	10.94	11.29	239,130	2,367
September	12.48	11.27	12.37	230,156	2,594
October	13.43	11.74	12.21	325,115	2,562
November	13.40	11.82	13.38	256,809	2,808
December	13.36	12.27	12.29	184,349	2,578

Euronext.

(1) Highs and lows represent the outlying values recorded at close of trading.
(2) The volume of shares traded refers to average daily trading volumes on Euronext.
(3) Calculation based on the monthly closing price multiplied by the number of shares reported at the end of the month.

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(1) The volume of shares traded refers to average daily trading volumes on Euronext.

6.5.3 DIVIDENDS AND YIELD

No interim dividends were paid out of 2017 profits.

Dividends are remitted to shareholders from their date of payment, either by TF1 for registered shares or by financial institutions for managed registered shares and bearer shares.

Dividends that are not claimed within five years are remitted to the government.

Year	Total number of shares as of 31 December	Dividend paid for the year *(net, in €)*	Payment date	Quoted market price *(€)* at close of trading			Yield based on last price
				High	Low	Last	
2015	210,521,567	0.80	26 April 2016	17.2	9.7	10.25	7.8%
2016	209,417,542	0.28	3 May 2017	11.99	7.8	9.45	3.0%
2017	209,865,742	0.35*	3 May 2018	13.43	9.35	12.29	3.0%

* *Subject to approval by the Annual General Meeting of 19 April 2018.*

7

CORPORATE SOCIAL RESPONSIBILITY AFR

FOREWORD

ORGANISATION

All sectors of the company work together on all the social, environmental and societal aspects of the Group's Corporate Social Responsibility (CSR) policy, coordinated by the CSR Division (one person full time), who is also responsible for non-financial reporting.

Since February of 2016 the CSR Division, created in 2005, has reported to Arnaud Bosom, the Executive Committee member who also heads the Human Resources Division.

In 2014, the Board of Directors decided to set up an Ethics and CSR Committee (see Section 2.2).

An update on CSR activities is presented at each Meeting of the Board of Directors by the Chairman of the Board, Gilles Pélisson.

MEMBERSHIP IN THE GLOBAL COMPACT

In 2017, TF1 group renewed its commitment alongside French and international companies to respect and promote the ten principles of the Global Compact on human rights, labour rights, the environment, and the fight against corruption.

REFERENCE FRAMEWORKS GOVERNING GROUP CSR REPORTING AND IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" PRINCIPLE

The non-financial report covers employee-related, environmental and social aspects of TF1 group. It is included in this document in accordance with French regulatory requirements, such as Decree no. 2012-557 of 24 April 2012 relating to Article 225 of the Grenelle 2 Act, as well as the Decree of 19 August 2016 (which requires reporting on significant GHG emissions, including scope 3 emissions, the circular economy, tackling food waste and other ways in which natural resources are used).

A cross-reference table for the indicators required in Article 225 can be found in chapter 9.10.

The Group's CSR report takes into account recommendations by the French Financial Markets Authority (AMF), as set out in the AMF guidance on CSR (DOC-2016-13).

The reporting requirement is linked to the need to obtain third-party verification of the information reported. The Group's CSR Information has been audited for the sixth consecutive year. See the report of the independent third party in Section 5.6.

This report meets all the statutory criteria in accordance with the "comply or explain" principle.

The definition and method of compilation of employee-related, environmental and social indicators is covered by two methodological guides shared with contributors, staff at Bouygues SA's sustainable development Division and the independent third party.

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

TF1 group generates revenues mainly in France and in Europe. In 2017, the breakdown was as follows: 96.1% (97.0% in 2016) in France, 3.5% (2.5% in 2016) in Europe excluding France, and 0.4% (0.5% in 2016) for other countries.

Fully and partially consolidated companies are included in reporting except where TF1 group does not operate the entity (*i.e.* does not have management responsibility for it). A company has management responsibility for an entity when it has the power to make decisions on the operational procedures of that entity.

Modification made since the previous report:

- stakes acquired in Play Two (musical production) and Bonzaï Digital (digital marketing).

MATERIALITY STUDY

An initial materiality study was conducted with internal and external stakeholders in 2014. In 2016, a new survey was carried out, targeting the Group's employees in particular.

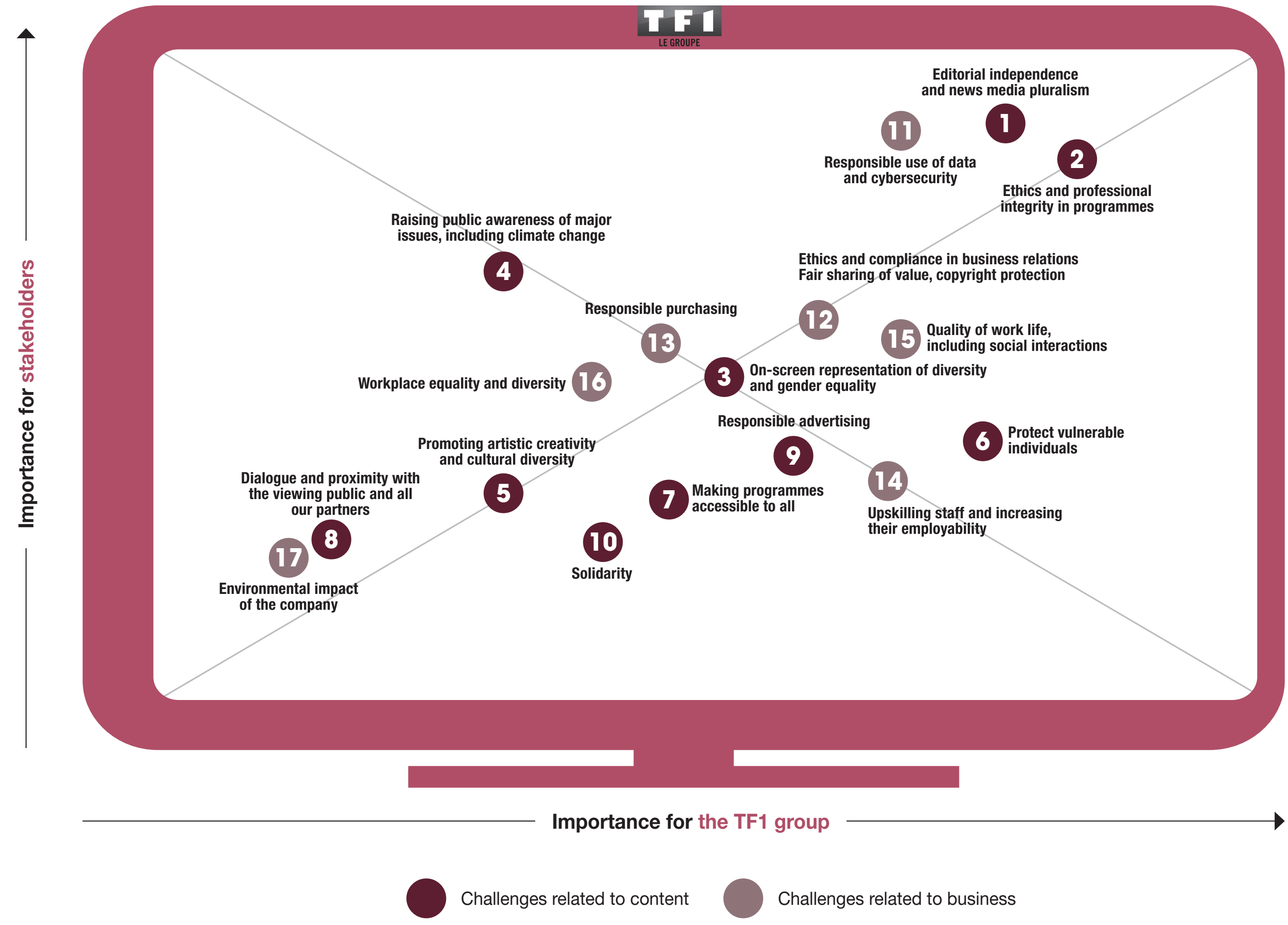
The list of concerns was revised to take into account:

- the previous mapping exercise;
- the needs of extra-financial ratings agencies (in particular DJSI, Oekom, Vigeo);
- the audiovisual regulatory framework (terms of reference agreed with the CSA);
- the CSR reporting benchmark and the materiality mapping of other French and anglophone media;
- key word occurrences in the press (four national daily newspapers) in the last two years.

Employees were asked to rank 17 concerns relating to content produced or broadcast by the Group and to the conduct of the Group, including two new ones (cultural diversity in content and responsible advertising), according to people's expectations of the Group.

The importance of those concerns for TF1 in terms of the impact on its business was then assessed by the members of the Executive Committee in charge of Strategy and CSR, as well as the Investor Relations Department and Internal Control.

In 2017, the public survey on the material challenges facing TF1 was published on the corporate website. https://fr.surveymonkey.com/r/RSEmai2017



CHALLENGES, STAKEHOLDERS, DIALOGUE AND EXAMPLES OF ACTION*

	Challenge**	Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
1	Independence of the Group's editorial teams, pluralism of information	News Division, Society of Journalists, Legal Affairs Department and General Counsel's Department	Regulatory authority (CSA) Public; Independence and Pluralism Committee	Participation in working groups, production of reports, proposals	Annually: ■ All staff involved in programme-making are trained on their rights and duties by the Legal Affairs Department. In 2017: ■ Creation of the Independence and Pluralism Committee. Indicators: comments (warning/caution) from the CSA for the last year reviewed (2016): 0. **See 7.3.10 News**
2	Ethics and integrity in programmes	Programme units, Compliance Division, Legal Affairs Department, General Counsel's Department	French broadcasting regulatory authority (CSA) Producers Public	Direct interaction with contributors to news and programme content, reminder of the agreement signed with the CSA in contracts	Annually: ■ Dialogue with producers; ■ Ongoing monitoring and viewing of programmes by the Broadcasting Division and Programme Compliance Division. Indicators: comments (warning/caution) from the CSA for the last year reviewed (2016): 0. **See 7.3.9 Respect of ethics and compliance rules in content**
3	On-screen representation of national diversity and gender equality	Programme units, News Division, Human Relations Division, Training	Producers French broadcasting regulatory authority (CSA) Public	Letter to producers of non-scripted broadcasts reminding them to focus on diversity during castings Reminder of the agreement signed with the CSA in contracts Organisation of conferences	Annually: ■ Quantitative commitments towards the CSA In 2017; ■ Action plan put in place following qualitative and quantitative assessments carried out in 2016 (representation of women and ethnic minorities in TF1 news programmes). The plan includes: training plan; organisation of the *Experte à la Une* event; partnership with Vox Fémina/*Femmes en Vue* award. Indicator: women in TV news as a percentage of all participants, according to the last internal review in 2017: 39%. **See 7.3.13 Promoting diversity**
4	Public awareness of important issues such as climate change	Programme units, News Division, social media	Producers, Public, External Communication Division News team journalists	Discussions with producers Audience relations	Annually: ■ Various stories covered by news programmes advocating solutions; ■ Messages in weather forecasts. In 2017: ■ Ushuaïa TV, the sustainability channel, celebrated 30 years of the programme *Ushuaïa Nature*. **See 7.2.1 General environmental policy**
5	Promotion of artistic creation and the diversity of cultural practices	Programme units, News Division, Innovation and Digital	Producers Public	Frequent meetings with producers, schools Creative workshops Encouragement for more diverse castings	Annually: ■ Integration of cultural diversity in the rights purchasing policy; ■ Creative development for the *Seine Musicale* music venue, TF1 Musique, TF1 Film Productions; ■ Sponsorship for *La Fémis* (the French state film and television school) to create TV pilot shows. In 2017: ■ Funding for *École de la Cité*, a film-making school, and *La Chance aux Concours*, an organisation that campaigns for greater diversity in the media.

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Challenge**	Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
6 Protection of vulnerable viewers	Channel and Broadcasting Division	Public French broadcasting regulatory authority (CSA)	Commitment to the CSA, annual review	Annually: ■ No programmes that are prohibited for children under 18, content rating if not suitable for all audiences; ■ Child psychologist who views all youth series purchased by TF1. Indicators: comments (warning/caution) from the CSA for the last year reviewed (2016): 0. **See 7.3.12 Protection of young viewers**
7 Universal programme accessibility	Channel and Broadcasting Division	Public Non-profit organisations	Dialogue with organisations representing people affected by sensory disabilities, emails from viewers	Annually: ■ Subtitling and audio description of programmes on all Group channels consistently exceed legal requirements. Indicators: comments (warning/caution) from the CSA for the last year reviewed (2016): 0. **See 7.3.11 Programme accessibility**
8 Dialogue and proximity with the viewing public and all our partners	External Communication Division, Community managers News Ombudsman	Public	Personal replies to emails, phone calls and letters	Annually: ■ Coordination of social media by community managers; ■ Response from the News Ombudsman; ■ Through the Foundation, organising meetings with sixth form students, work experience for secondary school pupils, and visits to TF1 studios. In 2017: ■ Introduction of a Respect Charter at all Group sites and on social media. Indicators: the Group has 65 million followers on social media (partnership with "Respect Zone"). **Foreword, "Challenges, stakeholders, dialogue and examples of action".** **See 7.3.4 Dialogue with the public**
9 Responsible advertising	TF1 Publicité; Sales Division Development Division of TF1 Publicité	ARPP Public Advertisers Media agencies French Competition Authority	Direct meetings with advertisers; general terms and conditions of sale posted online; www.tf1pub.fr website; *Références magazine*; events, Campus, etc.	Annually: ■ Advertising regulations and compliance rules applied to all advertising messages, whatever the medium and broadcasting format, including on-demand audiovisual media services. In 2017: ■ Special CSR magazine launched by TF1 Publicité for all advertisers. **See 7.3.14 Compliance and ethics in advertising**
10 Social commitment	Broadcasting TF1 Publicité TF1 Initiatives Committee, Corporate Foundation, HR Division, Corporate Communication	Associations and NGOs	Responses to requests Multi-year contracts and partnerships	Annually: ■ Various types of aids implemented by the channels and TF1 Publicité: production of commercials, free advertising, special campaigns, donation of game show winnings, etc. In 2017: ■ Launch of the “TF1 Initiatives” approach; ■ 3 new partnerships with *Sport Dans la Ville*, *Fraternité Générale* and *Respect Zone*; ■ Employee engagement programme to be introduced in 2018. Indicators: Value of the Group’s donations: €38.7 million. Number of recipient organisations: more than 120. **See 7.3.5 Partnership and sponsorship initiatives**

Challenge**	Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
11 Responsible use of data and cyber security	Legal Affairs Department TF1 Digital, TF1 Publicité, Internal Resources Division, HR Division	Employees, internet users Service providers	Privacy policy available online on all MYTF1 media, intranet articles	Annually: ■ Policy for the processing and security of personal data collected since 2007, reinforcing internal encryption techniques, signing of a confidentiality agreement for employees with access to personal data; ■ Signing of the IAB Europe European Charter by TF1 Publicité; ■ working group to anticipate measures to put in place in order to comply with the new regulations on personal data, applicable from 25 May 2018. **See 7.3.15 Issues in digital media/Protection of personal data and users' data**
12 Ethics and compliance in business relations, fair distribution of value and protection of copyright	Legal Affairs Department and General Counsel's Department	Suppliers Public authorities Internet users Content-sharing platforms	Legal action and awareness-raising initiatives (fight against piracy)	Annually since 2015: ■ Ethics and CSR Committee; ■ Code of Ethics and Compliance Programmes; ■ Charter of Institutional Relations; ■ Ethics and Compliance risk mapping; ■ Guide to day-to-day ethical practices; ■ Actions to remove illegal content from sharing platforms and social media using dedicated tools. **See 7.3.7 Ethics and social responsibility of the Group and 7.3.15 Issues in digital media/Fight against piracy and protection of copyright**
13 Responsible purchasing policy	Central Purchasing Division, Téléshopping, TF1 Entreprises, Rights Purchasing EIG	Suppliers Rights holders	Discussions with suppliers Contractual clauses, Responsible Purchasing Charter	Annually: ■ Responsible purchasing policy: supplier assessment by EcoVadis, "Ethics and diversity" clause in contracts; ■ Revenue generated with companies specialising in the employment of disabled workers. In 2017: ■ Commitment to the renewal of the Responsible Supplier Relations Label. <u>Indicators:</u> Revenue with the sheltered/adapted sector, *i.e.* firms that only or predominantly employ people with disabilities (€'000): 417.7. Number of suppliers assessed by the EcoVadis platform: 174. **See 7.3.8 Responsible purchasing policy**
14 Development of the skills and employability of employees	HR/Talent Division	Employees	Performance appraisals and career interviews Themed breakfasts, meetings with the Chairman & CEO Communication of strategy *via* a monthly newsletter	Annually since 2016: ■ Training programme offered by the TF1 University to all employees based on Innovation, Business and Digital (Connect plan); ■ Masterclasses for all employees. <u>Indicators:</u> % of employees who had an annual performance appraisal: 90%. Internal mobility as a proportion of total recruitment (%): 41. **See 7.1.9 Skills development and 7.1.10 Attracting and retaining talent**
15 Quality of work life, including employee relations	HR Division/Social Affairs, managers	Employees and staff representative bodies	Negotiation of agreements with staff representative bodies; communication publications	Annually: ■ All Group companies have staff representative bodies. In 2017: ■ Signing of a teleworking agreement; ■ New three-year profit-sharing agreement. **See 7.1.6 Professional relationships and report on collective agreements**

Challenge**	Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
16 Equal opportunities, gender equality and diversity within the company	HR Division/Operational HR teams and Social Affairs, managers	Employees and staff representative bodies	Negotiation of agreements with trade unions, internal publications	Annually: ■ Gender equality agreement, disability agreement, ethnic diversity agreement; ■ Fifty-Fifty network; ■ internal and external mentoring programme; ■ Disability and Diversity initiative (which was 10 years old in 2017). In 2017: ■ Fourth agreement on the integration and retention of disabled employees; ■ Training plan for fairer representation of women in news programmes. Indicators: Number of disabled employees: 78 (of which number hired during the year: 12). Percentage of female managers: 52.7%. Percentage of women in management as a whole: 43%. **See 7.1.8 Equal opportunities and the fight against discrimination**
17 Environmental impact of the business	Corporate Services Division Ecoprod collective/CSR Division	Employees Suppliers	Clauses in specifications Intranet articles	Annually: ■ Various mitigation measures (Epeat Gold computers, Energy Star monitors, workstation hibernation, reduced system operating times, etc.); ■ Membership in the “Ecoprod” collective since 2009. In 2017: ■ “Climat, Comprendre et Agir” masterclass; ■ Sustainable mobility awareness day. Indicators: % recycled waste: 48%. Change in electricity consumption compared with the previous year: -5.7%. **See 7.2 Environmental information**

The targets for each challenge can be found in the report contained in the “materiality matrix” section.
** *The challenges described in the above materiality map are not numbered in order of priority.*

RECOGNITION OF THE PERFORMANCE OF TF1 GROUP IN STOCK MARKET INDICES ON SUSTAINABLE DEVELOPMENT

TF1 continued to feature in all of the following indices in 2017:

RobecoSam

- DJSI World and DJSI Europe Index.

Vigeo (Eiris)

- Ethibel Sustainability Europe, Ethibel Excellence, Ethibel Pioneer.

Ethifinance

- GAÏA Index.

Oekom

- Prime status.

MSCI

- AA rating.

COMMITMENT OF MANAGEMENT, PERFORMANCE-BASED COMPENSATION

The Bouygues Management Institute regularly organises seminars attended by senior executives of TF1. The aim is to encourage managers to reflect on their role, responsibilities and the application of ethical principles in their day-to-day actions, and to unite Group senior management around common values.

Since 1 January 2014, following a proposal from the Remuneration Committee, the Executive Director's variable remuneration has included a criterion linked to CSR performance: TF1's continued presence in at least four non-financial rating indices.

From 2017, a CSR criterion will apply to 5% of the variable pay of Executive Committee members. This criterion is different for each Executive Committee member since it depends on their position and the associated CSR challenges.

7.1 SOCIAL INFORMATION

7.1.1 SOCIAL POLICY AND SOCIETAL RISKS

In 2017, TF1 Group restructured some of its divisions and business units. The changes were designed to support new forms of collaboration and the increasing digitisation of the Group's activities. With this in mind, the Group decided to redesign its work spaces to foster synergy, teamwork and innovation. The first phase of the "TF1 by Nextdoor" project was delivered in 2017, with the remainder due to be completed over the next two years. In addition, TF1 group is keen to refocus on its core business while pursuing its digital ambitions.

TF1 has launched a comprehensive training programme (Connect) to educate employees about the new ecosystem and the digital challenges that its business lines and the wider industry will face. To help develop employee skills and identify future business lines, the Group has entered into strategic workforce planning negotiations with the trade unions. A jobs database and skills map have been created and shared with the unions. The negotiations are due to end in 2018.

In 2017, TF1 focused on a pay increase for employees with a length of service of less than five years, as well as for key talent. At the same time, it remained committed to gender pay equality.

During the first half of the year, TF1 group signed a new three-year profit-sharing agreement to allow its employees to benefit from any growth. At the same time, TF1 continued its policy of internal savings. Where possible, only half of employees leaving the Group were replaced. TF1 has likewise embarked on a project to streamline its organisation by reducing the layers of management.

Concerning promotion and compliance with the provisions of the fundamental agreements of the International Labour Organization (ILO), TF1, which is a French company and whose workforce is mainly French, applies French, European and international law. Child or forced labour is strictly prohibited.

HUMAN RESOURCES RISK

RISK IDENTIFICATION

- The openness, quality and commitment of TF1's employees are critical to the Group's success. Should the Group find itself unable to attract and retain the required expertise and talent, this could affect TF1's ability to achieve its objectives and have an adverse effect on its results.
- Synergies between activities require managers to foster cross-cutting approaches and the independence of employees, this last serving to generate commitment.

HOW THE RISKS ARE MANAGED

The Talent Development Division fully takes into account the Group's need to attract and retain skilled employees.

The Group's subsidiaries and management closely monitor employee-related indicators, the results and the appeal of TF1 among the current and future working population.

To attract talented individuals, the Group leads initiatives with targeted universities and schools. The Group has strengthened its presence in social media. The employer brand has been promoted through the "Positive Careers" approach since 2016.

To develop and retain talented individuals, the Group also focuses its efforts on a targeted remuneration policy and implements training and career development programmes.

7.1.2 SOCIAL REPORTING PARAMETERS

Employees concerned: all employees having an employment contract with TF1 group.

The indicators in this chapter cover four different scopes, expressed as a percentage of the workforce:

- 100.0%: World;
- 96.0%: France;
- 82.5%: TF1 group World excluding Newen, Bonzaï Digital and Play Two;
- 81.3%: TF1 group France excluding Newen, Bonzaï Digital and Play Two.

Reference period: 1 January 2017 to 31 December 2017.

7.1.3 WORKFORCE

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
Clerical, administration, technical and supervisory staff	100.0	646	706	673
Managers	100.0	1,858	1,849	1,759
Journalists	100.0	553	552	455
TOTAL	**100.0**	**3,057**	**3,107**	**2,887**

INDICATOR: OE AND FT WORKFORCE BY GEOGRAPHIC REGION

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
France	**96.0**	**2,936**	**3,064**	**2,844**
International	**3.9**	**121**	**43**	**43**
Europe (excluding France)	3.9	118	39	39
Africa and Middle East	<1	1	2	2
North America	<1	2	2	2
TOTAL	**100.0**	**3,057**	**3,107**	**2,887**

INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
< 25 years old	100.0	199	180	192
25-34 years old	100.0	760	628	683
35-44 years old	100.0	898	831	886
45-54 years old	100.0	886	810	810
55 and over	100.0	314	290	273
Average age	96.0	40	41	41
Average length of service at TF1 group	81.3	12	12	12

INDICATOR: TYPE OF EMPLOYMENT CONTRACT

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
Number of employees on OE contract*	100.0	2,706	2,801	2,565
Number of employees on FT contract (including apprenticeship, work-study, professional development contract, etc.)	100.0	351	306	322
o/w number of employees with a professional development contract	*100.0*	*133*	*135*	*152*
o/w number of employees with an apprenticeship contract	*100.0*	*48*	*46*	*34*

* *Newen's employees with open-ended contracts have been consolidated into the TF1 group's workforce since the third quarter of 2016. Bonzaï Digital's employees with open-ended contracts have been consolidated since January 2017, those of Play Two since August 2017.*

TEMPORARY EMPLOYMENT

TF1 GROUP POLICY ON THE USE OF TEMPORARY EMPLOYMENT

TF1 group strives for a modest level of temporary employment. At TF1 SA, which employs the bulk of the workforce, this is less than 5%, far lower than for other competing television companies. Currently, the Group mainly uses temporary employment in the production sector, through TF1 Production and the recently consolidated Newen group, which explains the sharp increase in the FTE of temporary staff. The use of temporary employment is standard industry practice in this sector, where activity is inherently unpredictable.

STATUS OF TEMPORARY STAFF IN TF1 GROUP

In order to provide temporary staff with high-quality social security cover, the STP signed the National Inter-Sector Collective Agreement establishing collective cover for death and disability insurance, which TF1 group has applied since 2008.

TF1 group also allows temporary staff fulfilling eligibility conditions to benefit from the social and cultural activities offered by the TF1 Works Councils.

Temporary staff working for TF1 are also eligible for the Group's incentive and profit-sharing schemes, which draw on the Bouygues group's leveraged employee savings schemes.

INDICATOR: RATE OF FULL-TIME EQUIVALENT WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES

TF1 group policy on the use of temporary employment

Jan.-Dec. *(Scope: World, ∑ temporary staff end of month)/* *(∑ temporary staff end of month + Workforce on OE contracts at end of year N)*	**% workforce**	**2017**	**2016**	**2015**
Share of full-time equivalent workers represented by non-permanent employees (temporary staff excl. freelancers)	100.0	25.5%	9.0%	9.9%

EMPLOYEES FROM OUTSIDE TF1

INDICATOR: FTE OVER 12 MONTHS OF TEMPORARY WORKERS

Jan.-Dec. *Scope: France excluding Newen, Bonzaï Digital and Play Two* *(temporary workers)* *(∑ days of temporary employment x 7 hours/1,607 hours)*	**% workforce**	**2017**	**2016**	**2015**
Number of temporary workers as FTEs	81.3	0.34	3.7	8.0

In its service contracts, TF1 group includes clauses on the promotion and respect of the fundamental ILO conventions, notably on the prohibition of forced labour.

HIRING AND DEPARTURES

TF1 group is continuing its workforce management policy. However, the Group was moved to significantly increase its recruitment in 2017 in view of the growing number of resignations, especially in sales and digital.

The number of redundancies fell by 9.5%; a slight decline in voluntary severance was also recorded.

INDICATORS: HIRING AND DEPARTURES

Hires

Jan.-Dec. *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
Number of hires on open-ended, fixed-term, apprenticeship contracts, etc.*	100.0	661	585	538
o/w open-ended recruitment, France	*96.0*	*252*	*172*	*93*

* *This calculation includes fixed-term contracts converted into open-ended contracts. For Bouygues reporting, the calculation excludes fixed-term contracts converted into open-ended contracts, which gives a figure of 557.*

Departures by reason

Jan.-Dec. *(Scope: France, OE)*	% workforce	2017	2016	2015
Number of resignations	96.0	119	88	61
Number of compulsory retirements	96.0	0	0	0
Number of retirements	96.0	2	2	1
Number of redundancies	96.0	132	146	77
Number of mutually agreed terminations of contract	96.0	81	89	30

FT departures

Jan.-Dec. *(Scope: France, FT)*	% workforce	2017	2016	2015
Number of FT departures	96.0	394	423	295

INDICATOR: INSTABILITY RATE

Jan.-Dec. *(Scope: France OE) (∑ resignation OE + ∑ dismissal OE + ∑ mutually agreed termination of contract)/average OE workforce*	% workforce	2017	2016	2015
Instability rate	96.0	12.2%	11.4%	6.6%

7.1.4 ORGANISATION OF WORKING HOURS

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AND WORKTIME REDUCTION AGREEMENTS

Agreements on adjusting and reducing working hours (Time Off In Lieu, or “TOIL”, agreements) have been reached in all Group companies. They govern the different staff categories according to status, with agreements for permanent staff (production, technical and administrative staff and journalists) and for temporary workers.

Under the agreements applicable within TF1, non-managerial personnel work 37 hours per week and have 14 days of TOIL per year, and managerial staff, under a fixed number of working days (213 to 216 days), have 12 or 13 days of TOIL per year. The TOIL agreements negotiated therefore allow all staff to work on the basis of fewer annual hours than the statutory amount (1,607 hours and 218 days).

Working hours are monitored through a precise count of periods worked and not worked. This is sent each month to the employees concerned, who inform their Human Relations Division of any anomalies.

The workload is monitored at least once a year, usually during the annual performance review between the manager and employee. On the basis of this interview, line managers propose, where required, an action plan aimed at rectifying any imbalance. Employees can also request the intervention of a Human Relations manager in the event of any conflicting workload appraisals or when corrective measures seem inappropriate.

Finally, a unanimous agreement on the reform of the working time account places an upper limit on the number of days that can be banked to encourage employees to take leave and thus improve work/life balance.

BONUSES RELATED TO WORKING TIME

The TOIL agreements established within the Group also provide for a set of bonuses to compensate for the constraints related to specific work organisations, given the constraints of the audiovisual business. Working time is assessed for the categories of staff concerned on a continuous broadcasting basis. As a result, the agreements take into account the issue of rotas, early-morning and late-night shifts, the number of days in the week worked in each rota, and weekends and/or public holidays worked.

POLICY ON TAKING REST DAYS AND LEAVE

All TF1 group companies are governed by worktime adjustment agreements that enable employees to manage their TOIL days, provided that each department continues to operate smoothly.

Likewise, to ensure that all employees have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, the company allows TOIL days to be converted for personal development. TOIL days can thus be used by employees in order to finance all or part of the cost of the educational training chosen by the employee.

TELEWORKING

Following an extended teleworking trial carried out with a few divisions, TF1 group will be introducing teleworking in 2018. A TF1 group collective agreement was signed with all the trade unions on 20 December 2017.

The parties have opted for a flexible arrangement suitable for most situations and work organisations. Employees on an open-ended employment contract will be entitled to 24 days a year when they can work from home or elsewhere for the whole day or for half a day, subject to their manager's approval.

This agreement will serve to enhance both employee performance and quality of life (by reducing commuting time, stress and fatigue), while improving their work/life balance and still maintaining a social link with the company.

INDICATOR: ANNUAL WORKTIME OF PTAS(1)

Status of PTAS(1) *(Scope: France, OE, FT)*	Annual worktime of PTAS (contractual and not actual hours)
Non-management in constant hours and cycles (employees and supervisory staff)	From 1,569 to 1,576 hours
Managers working in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	From 213 to 216 days
Senior executives	N/A

(1) Production, technical and administrative staff.

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists *(Scope: France, OE, FT)*	Journalists' annual worktime (contractual and not actual hours)
Journalists with a fixed number of annual days	From 208 to 215 days
Senior executives	N/A

ANNUAL WORKTIME: PART-TIME EMPLOYEES

The decision to work part-time is a personal choice in practically all cases in TF1 group.

INDICATOR: NUMBER OF PART-TIME EMPLOYEES

Average Jan.-Dec. *(Scope: France, OE, FT)*	% workforce	2017	2016	2015
Part-time employees	96.0	211	195	203
Percentage of part-time employees	96.0	6.9%	7.0%	7.1%

OVERTIME HOURS

INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS

Jan.-Dec. *(Scope: France, OE, FT, temporary)*	% workforce	2017	2016	2015
Overtime hours	96.0	153,768	51,153	54,179
Amount *(in euros)*	96.0	3,881,038	1,597,331	1,695,148

7.1.5 COMPENSATION AND EMPLOYEE SAVINGS

In a challenging and uncertain economic climate and with increased competition in the market for advertising space, the mandatory annual negotiations for 2017 resulted in a pay freeze. However, a budget of 0.4% of the payroll was set aside for specific categories: employees with one to five years of service, and high-calibre talent in demand within the employment market.

COMPENSATION & BENEFITS FUNCTION

Salary increases, made entirely on an individual basis, take account of key competencies for the future of the Group, the results obtained and market values.

The work begun in 2016 on pay benchmarks continued in 2017: new salary surveys were commissioned from the firm Willis Towers Watson[(1)]. The aim was to position the remuneration packages offered by TF1 group in relation to the market and update its practices if required. This enabled TF1 group to benchmark the pay of each of its employees and introduce payroll management tools (salary bands, hiring matrices, diversity targeting, etc.).

GROSS COMPENSATION

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION BY PROFESSIONAL CATEGORY WITHIN THE GROUP

Scope: France, OE excluding suspended contracts (in euros)	% workforce	2017	2016	2015
Supervisory staff	96.0	39,610	41,233	40,461
Managers	96.0	69,934	70,486	69,118
Journalists	96.0	73,611	81,544	78,620
All categories	96.0	65,795	67,789	65,699

INCENTIVE, PROFIT-SHARING AND EMPLOYEE SAVINGS SCHEMES

TF1 group employee savings scheme was created on 15 December 1992.

The company's maximum matching contribution is €3,750 gross per employee per year, making a total gross contribution of €6.8 million. The matching contribution is 200% on the first €300 paid, which encourages the lowest-paid employees to save. Thereafter it is 100%, capped at a maximum of €3,750 per year. Employer's contributions to the employee savings scheme in 2017 totalled €6,500,100.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). The company's matching contribution varies from 20% to 100% depending on the amount invested by the employee, with a maximum of €1,290 gross per employee per year. The total amount of employer's contributions was €324,700.

INDICATOR: RATES OF MEMBERSHIP OF THE GROUP EMPLOYEE SAVINGS SCHEME (PEG) AND RETIREMENT SAVINGS PLAN (PERCO)

(Scope: OE, FT)	% workforce	2017	2016	2015
Percentage of eligible employees who belong to the Group employee savings scheme *(%)* *(World excluding Newen, Bonzaï Digital and PlayTwo)*	82.5	74.5%	77.2%	76.6%
Percentage of eligible employees who belong to the Group retirement savings plan *(%)* *(France excluding Newen, Bonzaï Digital and PlayTwo)*	81.3	17.1%	16.5%	16.5%

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Year of payment *(Scope: France excluding Newen, Bonzaï Digital and Play Two, all contracts)*	% workforce	2017	2016	2015
Average gross amount paid per employee under profit-sharing scheme *(€)*	81.3	1,083	2,436	1,048
Average gross amount paid per employee under the incentive scheme *(€)*	81.3	0	0	502

Group employees own 6.7% of TF1's share capital (7.2% in 2016) through the TF1 Actions group investment fund.

(1) Three surveys were carried out: a "cross-sector" survey for corporate and support functions; an audiovisual survey organised in conjunction with other major industry players for functions specific to the audiovisual sector; lastly, a survey focusing on managers.

7.1.6 PROFESSIONAL RELATIONSHIPS AND REPORT ON COLLECTIVE AGREEMENTS

OVERVIEW OF PROFESSIONAL RELATIONSHIPS WITHIN TF1 GROUP

All Group companies have staff representative bodies: employee delegates, Works Council, sole employee representative body, Health, Safety and Working Conditions Committee and union representatives, representing a total of 28 bodies and 193 elected representatives within TF1 group.

Since the Rebsamen Act, some TF1 group companies have appointed joint employee representative bodies. These include the Works Council and Health, Safety and Working Conditions Committee, as well as employee delegates.

In addition, under the 2006 agreement on resources devoted to TF1's trade unions, it should be noted that the unions have full-time union officials (five in total within TF1 SA).

REPORT ON COLLECTIVE AGREEMENTS

TF1 group signed several agreements with the trade unions in 2017, including:

- The fourth agreement on the integration and retention of disabled employees;
- A new TF1 group profit-sharing agreement on the reinstatement of the profit-sharing scheme by adjusting the calculation criteria and signing an addendum;
- Agreements for a one-year extension of the term of office of elected representatives at two TF1 group companies, originally due to expire in November 2017 and covered by the transitional arrangements resulting from President Macron's employment law reforms.

As part of the TF1 group annual pay negotiations, TF1 decided:

- not to increase salaries for 2017;
- to set aside a budget for individual increases of 0.4%, aimed at employees with one to five years of service, high-calibre talent and experts;
- the payment of 80.0% of public transport expenses (Navigo travel card & Vélib' bike rental);
- continuation of the full salary (100%) for employees taking partial or full paternity or childcare leave;
- the authorisation of four days' paid leave for employees with a commitment under a civil partnership contract (PACS).

AGREEMENT RELATING TO THE PRIVATE HEALTH INSURANCE SCHEME

In July 2017, TF1 group launched a call for proposals for health insurance/disability insurance schemes. It wanted to continue offering its employees the appropriate level of cover while limiting the amount of excess they had to pay (which is particularly high in the Paris region). It also wanted to improve the quality of work life without adding to the costs of health insurance/disability insurance schemes.

2017 STATISTICS FOR TF1 GROUP AS A WHOLE

(Scope: France excluding Newen, Bonzaï Digital and Play Two)	Works Council	Employee delegates	Combined delegates	Board of Directors	Consolidated bodies (Rebsamen Act)	Total
CFTC	3	8	30	12	5	58
FO	2	3	1	0	2	6
CGC	0	1	0	0	0	1
CGT	0	1	0	0	0	1
CFDT	2	4	5	0	1	12
Independent	0	0	0	0	0	0
TOTAL	**7**	**18**	**36**	**12**	**8**	**81**

INDICATOR: NUMBER OF MEETINGS AND COLLECTIVE AGREEMENTS

Number of meetings with employee representatives *(Works Council + Employee delegates + Health, Safety and Working Conditions Committee + Board of Directors + combined delegates)* *(scope: France excluding Newen, Bonzaï Digital and Play Two)*	**181**
Number of collective bargaining meetings with union delegates	17
Number of collective agreements signed during the year	11
Number of negotiations with employee representative bodies on organisational changes	0

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

(Scope: France excluding Newen)	% revenues	2017	2016	2015
Rate of participation in latest Works Council elections	81.3	76.0%	79.8%	80.1%

7.1.7 HEALTH, SAFETY AND SECURITY CONDITIONS

The policy on health and safety for employees has been a priority for TF1 group for many years and is applied across all its activities. The aim of this Group policy is to ensure the safety of employees, protect their health and improve their quality of life at work. The management seeks to raise employee awareness about preventing occupational hazards and implementing safety measures. By implementing its action plan, it can tackle absenteeism.

ABSENTEEISM AND REASONS FOR ABSENCE IN TF1 GROUP

INDICATOR: ABSENTEEISM

Jan.-Dec. *(Scope: France excluding Newen, Bonzaï Digital and Play Two, OE)*	% workforce	2017	2016	2015
Absenteeism rate	81.3	3.12%	2.97%	2.90%
Total days' absence	81.3	26,316	26,590	26,700
Days absent for sickness	81.3	24,784	23,850	25,373
Days absent for occupational accidents	81.3	1,281	1,982	905
Number of days of absence for travel-related accidents	81.3	251	621	396
Number of days of absence for occupational illness	81.3	0	137	26

INDICATORS: WORK-RELATED ACCIDENTS

(Scope: World excluding Newen, Bonzaï Digital and Play Two, all contracts)	% workforce	2017	2016	2015
Number of work-related accidents with time off	82.5	20	20	14
Number of fatal work-related accidents (work-related/commuting)	82.5	0	0	0
Employees trained in health and safety	82.5	131	505	448
Frequency rate of work-related accidents	82.5	4.5	4.0	2.7
Severity rate of work-related accidents	82.5	0.3	0.4	0.2
Number of occupational illnesses	82.5	0	1	0

CONTRIBUTORS TO THE HEALTH AND SAFETY POLICY

The Medical Department is responsible for the day-to-day medical care of employees and for the prevention of occupational hazards. Staff can go there and speak to a medical professional in confidence. The occupational physician, assisted by three nurses, defines and implements individual and collective measures, such as in the case of employees sent to report from countries affected by the Ebola virus.

Employees can also contact the on-site social worker if they need to. Their role is to assess the situation and assist employees by liaising with specialised organisations.

TF1 group considers the dialogue on health and safety at work to be of the utmost importance. This takes place both through agreements signed with the trade unions on employee health and safety, and through the committees for health, safety and working conditions.

The Corporate and Security Services Division (DAGS) regularly gets involved in issues relating to health, safety and working conditions, for example by adapting premises or workstation ergonomics.

HEALTH AND SAFETY RISK PREVENTION

The Medical Department has run flu vaccination campaigns for many years. It also offers booster vaccinations and first aid kits to staff travelling on reporting assignments.

In 2017, the Medical Department ran a campaign on screening for hearing impairment. It tested the hearing of 137 employees, who were then referred to an ENT consultant if necessary.

Occupational health physicians raise awareness of lifestyle issues among the workforce and alert HR if and when they identify psychosocial risks.

Employees regularly attend medical check-ups arranged by TF1's Medical Department.

The Group's management, the Health, Safety and Working Conditions Committee and the occupational health team regularly issue recommendations on driving while on professional assignment, the use of AVIWEST transmission equipment or the security protocols to follow when reporting from high-risk areas.

All these players work together to ensure that regular training is provided in life saving and first aid.

All work-related accidents are analysed by the Health, Safety and Working Conditions Committee and corrective measures are implemented where necessary.

The DAGS has also beefed up site security procedures in view of the continuing threats in France, particularly towards the media. The tightened security procedures have resulted in increased security personnel at access points and the installation of special security perimeters, as well as a new entry control system.

HEALTH AND SAFETY TRAINING

Regular health and safety training is organised to keep employees' skills current and to inform them of regulatory changes. In 2017, a total of 122 employees received training.

This training was mainly aimed at news coverage teams, with training on first aid and osteopathy. From 2018, awareness training on "urban areas" will be provided in a new format.

Technical staff also attend mandatory courses on electrical accreditation.

Lastly, self-coaching workshops were introduced in March 2017 to provide employees with the tools they need to cope with pressure and remain energised and positive.

MEASURING QUALITY OF LIFE AT WORK

To measure the quality of life at work, a health and well-being survey has been carried out every year since 2008. This voluntary questionnaire is offered to employees during their periodic medical check-ups. It is used to measure stress and anxiety levels and to implement action plans where necessary.

In 2017, the Health, Safety and Working Conditions Committee of TF1 SA commissioned another survey covering four areas: HR, audiovisual information, audiovisual technology, and accounting/management/finance. The results of the survey were presented to the Health, Safety and Working Conditions Committee at its meeting on 5 December 2017. A steering committee composed of members from the Health, Safety and Working Conditions Committee of TF1 SA and the Social Affairs Division has been tasked with setting up and implementing an action plan to improve quality of life for staff in the departments concerned.

TF1 group is mindful of the health benefits of sport and strives to create a pleasant working environment for its employees, offering them the use of a gym with discounted membership rates.

The last satisfaction survey took place in 2015.

7.1.8 EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

DIVERSITY: FROM CHARTER TO LABEL

As a mark of its commitment to openness to all, TF1 group signed the Diversity Charter on 11 January 2010. It was the first media group to apply for Diversity Label accreditation, which it obtained on 14 December 2010 and renewed in July 2017.

The Group proactively deployed its diversity policy as part of an approach named "From charter to label" geared towards the transition from charter to accreditation. The requirements of the label set out a strict framework for leading the whole company through an overall process of continuous improvement. It is a reflection of TF1 group's constant commitment to be open to everyone and to maintain diversity throughout the organisation.

All target populations (managers, employees involved in programme-making, viewer services staff and HR), totalling more than 2,131 people since 2010 (124 of them in 2017), have received training in issues relating to diversity and the prevention of discrimination. Example of titles:

- Diversity, a social dialogue issue;
- Managing diversity, a performance issue;
- Diversity in newscasts and magazine programmes;
- Women in leadership;
- Diversity and disability: awareness, integration and day-to-day actions;
- Diversity workshop in our newscasts;
- The key to reflecting the diversity of French society;
- Compiling, archiving and documenting images of diversity;
- Communication on TF1 group diversity policy.

In addition, several masterclasses have been organised to train employees on a variety of diversity topics:

- "Gender diversity: a performance issue", followed by a leadership workshop (150 participants);
- "Bringing invisible disabilities into the open", led by Josef Schovanec (120 participants).

The in-house counselling service dedicated to the fight against discrimination, set up in late 2012, was replaced in 2014 by Allodiscrim', an external and anonymous counselling service that employees can use to contact a lawyer to receive a legal opinion on the situation experienced.

TF1 group is a member of the AFMD (the French Association of Diversity Managers) and has a seat on its Board of Directors.

INDICATOR: NUMBER OF EMPLOYEES HAVING RECEIVED TRAINING ON DIVERSITY AT WORK

(Scope: France excluding Newen, Bonzaï Digital and Play Two)	% workforce	2017	2016	2015
Number of employees* having received training on diversity at work	81.3	124	420	192
Including programme contributors		*90*	*7*	*0*
Cumulative total since 2010	81.3	2,131	2,007	1,587
Including programme contributors		*740*	*670*	*663*

* *The indicator concerns the number of employees in training. Some employees may have attended several training courses. Change in calculation method in 2017: The number of employees who received training through masterclasses is now excluded from this indicator.*

DISABLED EMPLOYEES

A fourth three-year agreement (for 2017-2020) on hiring people with disabilities and keeping them in employment was signed on 18 January 2017 by all the trade unions and approved by DIRECCTE on 24 July 2017.

This agreement includes a plan to hire 20 people with disabilities on open-ended or fixed-term contracts, as well as recruiting 12 interns over three years. It also continues the policy of granting the parents of disabled children additional leave, which can be taken as half-days.

In 2017, a survey carried out among disabled employees at TF1 group emphasised the role of Mission Actions Handicap, which 82% had contacted, up 28% from 2013.

Fully 93% of respondents thought that the Group's actions for disabled employees were satisfactory and that there was an open attitude towards the subject of disability.

Work-study programmes are a favoured approach given the shortage of applicants for skilled positions. For the fourth time in a row, the Group worked with *Cap Emploi* and its disability-friendly education partners to hold a recruitment forum at TF1 to integrate people with disabilities of all ages on work-study programmes. Subsidiaries of the Bouygues group joined the scheme in 2016.

For existing employees with disabilities, once again this year all requests for changes to the working environment were met through measures that included the co-financing of hearing aids, transport agreements, sign-language equipment for the hearing-impaired, and modifications to the working environment.

To promote its open disability policy, TF1 is continuing to partner various non-profit organisations such as *Osons l'égalité* and *Pas@Pas*, as well as attending job fairs such as ESSEC and ADAPT. It has also signed partnership agreements with sourcing companies to identify potential candidates or services provided by freelancers with disabilities (e.g. Aktisea, TIH Business platform).

TF1 group seeks to involve its target schools and universities, notably through the payment of its apprenticeship tax. TF1 group also responded to the invitation by the CSA and signed an agreement with several media and journalism schools aimed at fostering training and internships for students with disabilities.

One-day training modules on the theme of disability have been organised with members of the Health, Safety and Working Conditions Committee and with members who have signed the disability agreement and are keen to learn more about the subject.

Specific training is given to employees likely to have a disabled person in their team.

In December 2017, *Mission Actions Handicap Diversité* celebrated its 10th birthday by organising an event to raise awareness among the Group's employees, including a sign language workshop.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

(Scope: France)	% workforce	2017	2016	2015
Number of disabled employees in the company at 31/12 (all contract types)	96	78	67	68
Disabled employees hired during the year (fixed-term and open-ended contracts)	96	12	12	9

PROFESSIONAL EQUALITY BETWEEN MEN AND WOMEN

TF1 pursues an active policy of not discriminating between men and women, particularly in the areas of recruitment, career development and pay.

The professional gender equality agreement signed in 2012 and renegotiated in 2016 emphasises several indicators presented annually to elected representatives and incorporating these themes.

Gender diversity is a natural feature of TF1 group, 50% of whose staff and managers are women. However, this diversity varies in different parts of the business, with some divisions having a higher number of women and others a higher number of men. To address this, we ensure that new recruitment balances the diversity within each business line. The recruitment unit is conscious of the need to identify male and female candidates for each vacancy wherever possible.

Diversity in TF1 governance bodies has remained stable. For example, women make up 35% of the Group Management Committee.

To facilitate diversity at all levels of the company, HR has introduced career guidance and development initiatives for women. In total, 60 women have received Women in Leadership training since 2012.

In 2017, three cross-mentoring schemes were set up which enabled 18 women to be mentored. More than 50 women have been mentored since the scheme was first launched in 2015, thanks to the support of more than 50 male and female mentors.

At the same time, concrete measures have been taken to foster a work/life balance. On 4 April 2016, the Group signed the parenthood charter.

In September 2015, TF1 set up a Fifty-Fifty network with almost 200 members, 20% of them men. Created at the instigation of Group employees with the help of the Human Relations Division, its aim is to raise awareness of diversity and to spotlight the commitment of TF1 group towards this.

Following the *Expertes à la une* event held in December 2016, which was designed to increase the number of women experts in TV news, TF1 group has launched a training initiative entitled "Diversity in our newscasts" involving more than 90 journalists, researchers and editors.

INDICATOR: BREAKDOWN OF THE WORKFORCE BY GENDER

At 31/12 *(Scope: World, OE and FT)*	**% workforce**	**2017**	**2016**	**2015**
Women	100	52.2%	50.2%	50.9%
Men	100	47.8%	49.8%	49.1%

INDICATOR: PROPORTION OF WOMEN STAFF BY STATUS

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
% of women, clerical, administrative, technical and supervisory staff	100.0	58.0%	55.1%	59.0%
% of women, managers	100.0	52.7%	51.5%	52.6%
% of women, journalists	100.0	43.4%	39.9%	46.0%
% women, total	100.0	52.2%	50.2%	50.9%

INDICATOR: PROPORTION OF WOMEN STAFF BY HIERARCHICAL LEVEL

At 31/12 *(Scope: France, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
% of women in management as a whole (Deputy heads of department, C4 and higher)	96.0	43.0%	40.7%	39.8%
% women in junior management (Deputy heads of department, C4)	96.0	51.6%	49.1%	47.5%
% of women in senior management as a whole (Deputy heads of department, C5 and higher)	96.0	40.9%	38.1%	37.4%
% of women in top management (Management Committee level)	96.0	35.3%	34.5%	30.6%

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

Hiring *(Scope: World, OE, FT)*	**% workforce**	**2017**	**2016**	**2015**
Women	100.0	416	332	310
Men	100.0	245	253	225
TOTAL		**661**	**585**	**535**

INDICATOR: SALARIES, WOMEN AND MEN

Average gross annual salary for young graduates *(in euros)** *(Scope: France, OE)*	% workforce	Supervisory staff	Managers	Journalists
Women				
2017	96.0	23,340	35,800	-
2016	86.9	24,301	33,937	36,075
2015	97.0	19,500	35,100	-
Men				
2017	96.0	35,750	33,606	-
2016	86.9	22,250	35,385	31,980
2015	97.0	21,125	37,440	30,745

* *Employees aged between 18 and 25 with less than one year of service. Female and male employees with the same education levels are hired on the same salary.*

INDICATOR: PROPORTION OF WOMEN AND MEN PROMOTED

Promotion rate* *(Scope: France excluding Newen, Bonzaï Digital and Play Two, OE)*	% workforce	2017	2016	2015
Women	81.3	4.1%	8.8%	9.2%
Men	81.3	4.2%	6.6%	7.9%

* *Whether or not the promotion entails a change of professional category.*

MEASURES FOR SENIOR EMPLOYEES

TF1 group signed an agreement with the trade unions in 2009 whereby it committed to keeping 184 employees aged 55 and over in employment. Despite a decrease in the workforce, this commitment has been respected every year.

Also, older employees may request an interview to discuss and prepare for the next stage of their careers. Tutors and sponsors are chosen as a priority from among employees aged over 45.

7.1.9 SKILLS DEVELOPMENT

PERFORMANCE REVIEW

An effective development tool, the performance review allows employees to be actively involved in the evaluation process and to set targets jointly with their manager. Where necessary, this may lead to an action plan being drawn up to develop the employee's skills. Employees are assessed by applying the eight core competencies that underpin the Group's transformation policy, in addition to their own job-related competencies.

The eight core competencies to be assessed for all Group employees are: Innovation – Business – Digital – Adaptability – Teamwork – Capacity for learning – Resilience – Foresight.

For the 2016/2017 round of appraisals, 80% of employees completed their self-assessment prior to the interview with their manager. In all, 90% of appraisals were carried out by managers.

CAREER INTERVIEW

In addition to the performance review, all employees have a career interview every two years. This consists of a discussion between the employee and manager about the employee's personal development plan and his or her medium-term career goals.

Employees can voice their preferences in terms of the tools they want to access to develop their competencies (e.g. training, skills assessment, participation in working groups, attendance at conferences) and the support they expect from their manager or from experts.

The career interview is also an opportunity for employees to request more personal involvement by taking on an "extra role" such as a tutor or mentor.

VOCATIONAL TRAINING COURSES OFFERED BY THE UNIVERSITY

Continuing professional development (CPD) is offered by the TF1 University. This gives employees access to innovative ways of responding to strategic challenges in different areas:

- Transformation of the Group;
- Acquisition of job-related competencies;
- Management training;
- Development of interdisciplinary skills;
- Respect for the Group's HR and societal commitments.

In 2017, particular emphasis was placed on optimising training costs by applying for funding from accredited training fund bodies and through employee co-investment *via* the Individual Learning Account (ILA).

SUPPORTING THE TRANSFORMATION

CONNECT COURSE

The university has developed a three-day immersion and team-building course in conjunction with the Group's employees so that they can contribute to the Group's transformation. Since 2017, the course has covered four business lines: Business, Content, Digital Innovation and News. More than 800 employees completed the Connect course in 2017. Before the end of 2018, all employees on an open-ended contract will have been contacted by the TF1 University team in order to schedule a convenient session.

Each course is an opportunity for trainees to attend lectures given by experts, to take part in team-building workshops, to test the features of innovative tools and to meet entrepreneurs in order to:

- understand the latest trends in the connected world;
- seize the opportunities presented by technological changes;
- reinvent business models in order to stand out;
- increase organisational capacities for innovation and operations.

In April 2017, TF1 University obtained Level II (Master 1) certification for its Connect course, in the category "Exercising the functions of anticipation and innovation". The Connect programme is eligible for the ILA. All employees obtain the certification in their own name and can therefore include it in their CV.

To keep up the momentum behind the course and to meet the expectations of employees who have already completed it, the University is looking at a follow-up in 2018 entitled "Connect+".

MASTERCLASSES

Each month, the University organises a conference for all employees to unpack topical issues linked to the activities and business lines of TF1 group. Internal and/or external experts are invited to give a two-hour talk in the lecture theatre to share their experiences and knowledge and to provide insights on a specific theme and its application in the everyday lives of employees. The topics range from societal issues and trends, to business, digital and innovation. In 2017, the masterclasses tackled climate change, the Group's brand strategy, diversity as a performance factor, social media, and Cinema at TF1.

ACQUISITION OF JOB-RELATED COMPETENCIES

The university can tailor its training courses to any type of role, enabling employees to acquire the tools and competencies they need to work effectively.

Examples of job-related training include:

- training on new business applications and tools, such as Dalet and Adobe. In 2018, the TF1 information and news production system will be upgraded. This will require an ambitious training plan to be put in place for technical and editorial teams;
- digital fabrik: this training programme on the digital culture and its challenges explains how to incorporate digital into a sales pitch and how to be more creative and innovative in this area. By offering an insight into the future of digital, new technologies and new consumer trends, it also teaches students how to make the best use of digital communication. It consists of different modules based on e-learning, classroom teaching and tutorials. The course concludes with an examination;
- video journalism course: run in partnership with an industry-recognised journalism school, this RNCP-certified training is aimed at reporting technicians who are interested in becoming a video journalist;
- "Body language" training for sales teams: this workshop teaches staff how to improve their body language in challenging situations.

MANAGEMENT TRAINING

A special management training programme ("Passeport Managers Up") has been developed to help new managers take on responsibilities. The programme consists of six group training sessions, five individual coaching sessions, four training days spread over eight months and another individual coaching session around two major themes: management basics and change management.

Two "Women in Leadership" training sessions were attended by 14 Group employees in 2017.

Bouygues Management Institute seminars are offered to members of the Group Management Committee. These focus on the Group's values and commitments, such as respect, developing values and sustainable development.

In 2018, new management training courses will be introduced to guide managers through the transformation and the changes linked to the management of cross-cutting projects, new managerial practices or new team leadership methods.

DEVELOPMENT OF INTERDISCIPLINARY SKILLS

The university is designing courses to develop new interdisciplinary skills, covering collaboration tools, languages and personal development.

For example, an English-language certification course was specially designed for Group employees. Eligible for the Individual Learning Account (ILA), it offers employees 100 hours of English-language training in different learning formats (classroom-based and e-learning). At the end of the course, students take the Business Language Testing Service (BULATS) exam.

Other programmes are also being rolled out, such as workshops on collaboration tools, enabling all employees to adopt the tools used by the Group to foster the collaborative culture necessary for the successful implementation of the transformation.

From February 2018, TF1 University will provide all employees with an e-learning platform, the Digital Academy, in response to the need for digital acculturation. The platform will be available on its intranet site and will be rolled out across the Bouygues Group. It will give employees complete freedom to organise their own learning development.

INDICATORS: VOCATIONAL TRAINING, STATUTORY TRAINING ENTITLEMENTS

(Scope: France excluding Newen, Bonzaï Digital and Play Two, OE)	% workforce		2017	2016	2015
	81.3	Number	1,266	1,870	1,719
Number and % of OE employees who received training	81.3	%	54.3	77.2	68.2
% of payroll spent on training	81.3	%	3.3	2.9	2.8
Total training hours, all training systems	81.3	Number	49,283	39,821	46,479
*of which number of internal training hours**	*81.3*	*Number*	*1,580*	*9,011*	-
Average training hours per active OE*	81.3		21.14	16.4	-

* *No previous data since new indicators for 2016.*

INDICATOR: TRAINING OF NON-PERMANENT STAFF

(Scope: France excluding Newen, Bonzaï Digital and Play Two, temporary)	2017	2016	2015
Non-permanent employees who received training	61	598	-

Note the very significant number of non-permanent employees who received training in 2016. The sharp drop in this figure in 2017 is due to two main factors:

- LCI's switchover to unencrypted DTT in 2016 was accompanied by the launch of a new technical production system. LCI's freelancers, temporary staff and employees on fixed-term contracts were trained in this new system (nearly 300 training sessions); no project of this type, potentially involving non-permanent employees, took place in 2017;
- in 2016, participation in masterclasses counted as training (with 130 occurrences for non-permanent staff); this was no longer the case in 2017.

MOBILITY AND CAREER MANAGEMENT

The university continues to support the Group's mobility policy by offering a training course entitled "Driving your professional development".

In 2018, the University will seek to develop courses to support career change or development, especially for jobs identified as vulnerable in the context of the Strategic Workforce Planning.

CORPORATE COMMUNICATION

To ensure that staff receive information on the Group and its development, Human Resources and the CSR Division relies on the Corporate Communication team and its various distribution channels.

An intranet site caters for employees' day-to-day information needs:

- about the Group and its activities and business lines, with around 50 publications a month (articles, press releases, exclusive video interviews and slide shows);
- about corporate life (audiences, stock market, weather, trailers, cross-disciplinary projects, team focus and staff activities, special offers, privileges, practical info, etc.).

The website is also linked to the company's HR portal, which provides work-related and career support for employees and managers (training, leave, performance appraisals, etc.), the TF1 University site (training courses and masterclasses), and the social networks of the TF1 and Bouygues groups.

An internal video channel available for TV and PC features a daily video loop and photo linked to editorial content.

In addition, the area used to host exhibitions, talks, demonstrations and events, originally created in June 2015, was joined by a second location in another lobby at the Boulogne site in late 2017.

Lastly, other ways of passing on and sharing information on trends, topical issues and strategy concerning the Group are the conferences and seminars occasionally held for staff in a given business area or subsidiary, and meetings of the Group's 150 senior executives following each quarterly meeting of the Board of Directors. A document containing the key elements of this Management Committee Meeting is sent to all members the following day.

While continuing to communicate on the issue of *OneTransfo* (informing, educating and engaging employees), the Corporate Communication Division has implemented plans around major new projects that form part of the Group's transformation, particularly worktime organisation. The Group has reached a milestone in adapting its working style to the digital era. The work environment has been redesigned (TF1 by Nextdoor project) and a teleworking agreement was signed at the end of 2017 as part of the new alternative approach.

7.1.10 ATTRACTING AND RETAINING TALENT

AGILE RECRUITMENT DEPARTMENT

The Central Recruitment Department created in January 2016 (with a team of four people dedicated to recruitment and mobility) responds effectively to the needs of the business by identifying, attracting and integrating talent. New sourcing practices have also been introduced, including the use of social media and headhunting. The Department works closely with HR, operational teams and the employer brand on this strategic process.

TALENT FACTORY

In addition, interns and students on work-study programmes are closely monitored by their tutor and HR during and at the end of their work placement with the Group.

Students identified as particularly competent and who match the values and needs of the business receive special attention *via* the "Talent Factory". The company stays in touch with them after they leave (through their manager, DDT, LinkedIn, etc.), sending them news and regularly inviting them to TF1 events.

DEDICATED PROGRAMMES

A talent policy is also in the process of being developed. This will identify experts, junior High Potentials, High Potentials and key people. A monitoring and development programme will be put in place for each of these categories.

INDICATOR: PERCENTAGE OF EMPLOYEES WHO HAD AN ANNUAL PERFORMANCE REVIEW

(Scope: France excluding Newen, Bonzaï Digital and Play Two, OE)	% workforce	2017	2016	2015
% of employees who had an annual performance review	81.3	90.8%	84.6%	79.9%

The compensation paid to TF1 group's top 400 managers includes a variable component linked to quantitative and qualitative objectives, the achievement of which is assessed during the annual interview.

INTERNAL MOBILITY

Given the nature of its business and its job profiles, TF1 is a highly diversified group with more than 250 different careers.

It also has to adapt to new competition. Within this transformation process, mobility is a source of added value both for the Group and its employees. It allows the company to be responsive, adapt its organisation and embrace future skills and emerging new business opportunities. For employees, mobility is a source of personal and professional development, enabling them to expand their horizons and enhance their skills in diverse career paths.

The Group supports the career progression of its employees by empowering them through professional development workshops (how to write a CV, prepare for an interview or make effective use of professional networks such as Linkedin).

Internal mobility is the first step in the recruitment process. This is governed by the mobility charter, the latest version of which is available on the Group's intranet, setting out clear rules of procedure to ensure equal treatment. HR managers are responsible for upholding these rules.

More than 100 internal transfers took place in 2017.

INDICATOR: INTERNAL MOBILITY AS A PROPORTION OF TOTAL RECRUITMENT

(Scope: France excluding Newen, Bonzaï Digital and Play Two, OE) (Transfers within TF1 group + arrivals from Bouygues group)/(external recruits on OE contracts + transfers within TF1 group + arrivals from Bouygues group)	% revenues	2017	2016	2015
Internal mobility as a proportion of total recruitment *(%)*	81.3	41.6%	58.4%	72.4%

EMPLOYEE COMMITMENT

Employee support for the Group's philanthropic initiatives is essential. Each year, 24 managers mentor young people from the TF1 Corporate Foundation, listening to their concerns and offering them the benefit of their experience and contacts. Other managers have volunteered to mentor young women who work for the Group or its partner firms.

A founding member of Stop-illettrisme, an intercompany organisation which combats illiteracy, TF1 group has been involved with this issue since 2013. In all, 41 Group employees mentored 14 employees from the company Samsic in 2017.

In 2018, an employee engagement plan will be launched as part of TF1 Initiatives. This will offer tutoring to young people from the non-profit organisation Sport Dans la Ville, provide support for start-ups that try to make a difference, and encourage collective philanthropy projects.

7.1.11 RELATIONS WITH SCHOOLS AND HOSTING OF INTERNS AND STUDENTS ON WORK-STUDY PROGRAMMES

In line with TF1 group's proactive policy in supporting young people through the transfer of know-how and experience, work-study placements and internships play an important part in the organisation.

A real source of interaction between younger generations and more experienced employees, the scheme is supported by mentor training to ensure that professional support is given.

The use of new digital applications and the fresh insights that younger generations bring to the business informs the debate in a way that is beneficial to the Group's development.

Interns and work-study students enjoy a generous remuneration policy together with a wide range of job opportunities, attracting young talent from different educational backgrounds.

The pay scale for interns varies depending on the student's qualifications. However, it is significantly higher than the statutory minimum.

This ambitious policy for both trainees and those on work-study programmes reflects a desire to help train young people, identify new talent and welcome younger generations to the company.

With this goal in mind, TF1 group has developed quality-driven partnerships with institutes such as ESSEC (Digital & Media Chair of the ESSEC in partnership with Orange and Société Générale, seminars, lectures, research), EDHEC (EXPLORA programme), CentraleSupelec (business forums) and Epitech (start-up incubator).

Lastly, TF1 is a partner of the *École de la Cité du Cinéma* and *La Chance aux Concours*.

INDICATOR: NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

(Scope: France excluding Newen, Bonzaï Digital and Play Two interns)	% workforce	2017	2016	2015
Interns under agreements with schools	81.3	206	307	466

7.1.12 EMPLOYEE BENEFITS

CHILDCARE ALLOWANCE AND CRECHES

To facilitate childcare arrangements, a subsidy of €8 a day is awarded to employees with children under four years old who are cared either at creche, or by a professional childminder at or outside the home.

The amount awarded is limited to €1,830 a year. Works Councils are responsible for managing childcare allowances.

From 2018, employees will be able to access places in a network of intercompany crèches, as well as occasional and emergency childcare services.

HOUSING ASSISTANCE

TF1 group makes financial contributions to the social housing agency Action Logement, which has been the umbrella organisation for the sector since 1 January 2017.

In 2017, TF1 group employees received various forms of assistance under this scheme, with 20 employees allocated housing. In addition, 13 home loans for first-time buyers, 10 *Loca-Pass*, 0 *Mobili-Pass*, 0 *Pass-Assistance* and 5 home renovation loans were granted. A total of 24 employees have benefited from the *Mobili-Jeune* scheme and 153 employees have been advised by housing associations. A total of 225 TF1 group employees benefited from the housing assistance scheme in 2017.

A representative of the housing assistance programme is regularly available to meet with employees and help them with the procedures involved and give advice about financing their home acquisition plans. In 2017, the representative was available on four occasions.

FITNESS AREA

TF1 strives to create a pleasant working environment for its employees, offering them the possibility to use the Fitness Area, a gym at a preferential rate of €20 a month for a one-year subscription.

Eight sports instructors are available to employees from Monday to Friday. In addition to 25 group classes, the Fitness Area has 24 cardio-training machines (treadmills, bikes, etc.), 11 weight machines and 2 steam rooms.

SOCIAL WORKER

A social worker is available during fixed weekly hours onsite at TF1 to inform employees of their rights and the aid for which they may qualify. He or she can also provide them with support in administrative procedures, advising them and putting them in touch with the relevant administrative bodies.

The social worker's role covers a wide range of areas, from help with initial and ongoing access to housing, family budgeting, debt mediation, education and family relationships (family mediation), to the prevention of psychosocial risks (professional mediation), health (including dependency and mental health), care for those with long-term illnesses, disability and the inability to work, and also plays an alert role concerning identified social problems. Bound by professional secrecy rules, the role of the social worker is to find practical responses or solutions to the problems experienced by employees.

SPORTS ASSOCIATION

Through TF1's sports association, the Group enables employees to practice sports in a number of areas. In 2017, the association had 19 sections and 350 members. The association also offers preferential subscriptions for sports clubs (e.g. Forest Hill and Club Med Gym).

HEALTHCARE EXPENSES

The manager of the healthcare insurance scheme sends a representative to the company each week to advise employees on procedures in connection with medical issues or to help them obtain a reimbursement under their supplementary health insurance schemes.

In 2018, TF1 group will continue to search for the best ways of supporting employees in their day-to-day lives. From 1 July 2018, Siaci-Saint-Honoré will be responsible for reimbursing healthcare expenses.

C'EVIDENTIA

TF1 group has renewed its partnership and offers all employees an optician service at TF1's head office. The service is available on Mondays and Thursdays.

7.2 ENVIRONMENTAL INFORMATION

7.2.1 GENERAL ENVIRONMENTAL POLICY

RISK FACTORS TAKEN INTO CONSIDERATION AND GENERAL POLICY

TF1's activity is not subject to environmental risks associated with climate change, including in the event of a sharp rise in energy prices or tax on carbon emissions. Only TF1's head office located on the banks of the Seine has required the implementation of a flood prevention plan. This plan is described in the Industrial and Environmental Risks section of chapter Risk Factors of this document. The nature of the Group's activities at head offices also does not generate risks related to biodiversity or the quality of water and soil.

The direct environmental footprint of media activity is equivalent to that of the services sector in terms of greenhouse gas emissions. The media sector generates transport, the purchasing of electronic equipment and the consumption of electricity.

Media companies also owe it to their stakeholders to set an example. This is why the TF1 group has made a twofold commitment: to the "Ecoprod" policy, which strives to implement eco-friendly audiovisual production and internal process management practices.

The Group has deployed a proactive policy across all its buildings and in all areas over which it has control: applying action plans and continuous improvement initiatives in connection with the consumption of fluids, electricity and raw materials (paper) and the management of waste, consistently above and beyond legal requirements. Collective catering, an environmental challenge but also an issue on which employees need to be educated, is the subject of an action plan led in close collaboration with the catering provider. These expectations, which are incorporated into Facility Management service specifications, were not reduced when general services were outsourced in June 2017.

Increasingly, energy consumption and waste management are factored in at an early stage of any project involving the technical solutions used by the Reporting Department and departments managing fixed equipment.

In October 2015, the Group signed the Paris Climate Action Charter.

The environmental impact of a media group is also indirect: it manifests itself through its ability to raise public awareness of this issue. The Group's channels and websites raise the environmental awareness of viewers and web users year-round in several areas, including weather forecasts, TV news stories, the Ushuaïa TV thematic channel, and campaigns on environmental information for children etc. The "Ushuaïa Nature" programme, first broadcast on TF1, then on Ushuaïa TV, celebrated its thirtieth anniversary in September 2017.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

The Corporate and Security Services Division, together with the service provider, BYES, is in charge of all the plans to control consumption and manage waste. One full-time equivalent employee works on keeping track of the action plans, particularly in waste management, collecting indicators, managing the "HQE Exploitation" certification application, keeping the EMS up to date and the ISO 50001 certification process.

ENVIRONMENTAL ASSESSMENT AND CERTIFICATION PROCEDURES FOR BUSINESSES

AIMING FOR ISO 50001 CERTIFICATION – OBJECTIVE FOR H1 2018

In 2015, the Group launched an ISO 50001 certification policy which was due to be completed in early 2016. The project has been postponed due to the Corporate and Security Services Division's schedule in 2016. However, TF1 did satisfy regulatory requirements by performing an energy audit at the La Tour building (covering 85% of the entity's total energy bill) which was completed on 9 May 2016.

ISO 50001 certification policy will include the implementation EMS involving all Group players (Group Purchasing Division, Technological and IT Division, maintenance, servicing and catering service providers). It will enable management to develop an organisational model, as well as a more accurate tool with which to pursue its target of reducing its environmental footprint. The EMS is in the process of being designed with the help of ELAN and numerous contacts have been made with the AFNOR certification body. Coordination is organised with the CSR Division.

OTHER TOPICS

In addition to its legal obligations, TF1 checks air quality (dust content, hygrometry) and water quality (coffee machines, water fountains) five or six times a year. TF1 has Socotec and Veritas inspect all its equipment (and air-cooling towers in particular).

TF1, and now its service provider, Bouygues Energies et Services, works on environmental issues with certified providers (ISO 9001 and/or 14001 for waste management, electrical equipment maintenance and furniture purchasing, etc.). In addition, within the context of setting up its Facility Management service, Bouygues Energies & Services renegotiated all service contracts, placing a higher value, during calls for tender, on its providers' individual CSR policies.

STAFF TRAINING AND COMMUNICATION MEASURES

Staff are regularly educated on sustainable development through specific sections of the Intranet and during dedicated events. A "Climate, Smarten Up and Take Action" masterclass was organised for employees in February 2017. It was filmed and then made available on the intranet.

Every year, two TF1 managers attend the "IMB – Social and Environmental Responsibility" seminar organised by the Bouygues group and regularly enhanced by new approaches to sustainable development and Group strategy.

EXPENDITURE ON PREVENTING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITY – THE ENVIRONMENTAL FOOTPRINT OF PRODUCTION

The audiovisual sector emits roughly 1 million tonnes of CO_2 equivalent a year into the atmosphere, around a quarter of which is directly linked to shoots, according to a study of key figures in the industry carried out in France in 2011 and available at www.ecoprod.com[1]. To reduce this footprint, TF1 launched the Ecoprod initiative in 2009 with the ADEME (French agency for the environment and energy management), AUDIENS, the Commission du Film d'Île-de-France, the Centre national du cinéma et de l'image animée, Pôle Médias du Grand Paris and France Télévisions.

Ecoprod has created an online resource centre at **www.ecoprod.com**. The resources are provided free of charge to industry professionals and presented regularly at events and through partnerships with specialised media.

The website includes best practice sheets by business line, a carbon footprint calculator for audiovisual production (Carbon'Clap), a guide on eco-friendly production and first-hand testimonials useful to producers and other professionals in the industry.

TF1's activities do not give rise to the implementation of provisions on the reduction of environmental risks or the introduction of an organisation structure to manage pollution accidents outside Group companies.

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

TF1 continues to monitor regulations governing its technical installations that are rated as having a potential ecological impact (ICPE under the French Environmental Code).

The installations governed by these regulations are classified according to activity, extent of activity and level of risk or harm involved, and are therefore subject either to authorisation or to declaration. TF1 has several installations subject to ICPE regulations, including electric generators, cooling units and cooling towers. All these installations comply with ICPE regulations and do not cause any harm. The checks made by TF1's maintenance teams are rigorous, and all the compulsory sanitary checks are compiled in an Annual Report that is sent to the competent authorities.

7.2.2 ENVIRONMENTAL REPORTING PARAMETERS

Reference period: 01/10/2016 to 30/09/2017

Scope of indicators: only companies housed in the "Tour" and "Atrium" headquarters buildings in Boulogne-Billancourt which accommodate 77.6% of the Group's employees, accounting for 82.6% of Group revenue at 30 September 2017.

All other activities (Téléshopping, TMC, Ouest Info, Newen) are in office space in shared buildings, occupying a small surface area, for which we have neither the reporting data nor the ability to take significant action on the indicators.

HOW THE INDICATORS ARE READ

The measures and objectives set apply within the framework defined above and according to the following procedures:

- water and steam consumption measures are based on meter readings;
- electricity and consumption data is taken from bills and corroborated by remote readings obtained from EDF's internet site through a load-graph monitoring contract (TCC);
- bulky waste (skips), compacted paper, food waste, wet packaging waste, glass, used oil, batteries and accumulators, printing consumables and electronic waste are weighed by the contractor (GDA, a SAMSIC group subsidiary) to which the Group has entrusted waste management and monitoring services. A waste registry is updated on a regular basis and waste monitoring forms are issued in accordance with current regulations. Invoicing is done by weight;
- refrigerant fluids are measured on the basis of invoices from air-conditioning maintenance service providers;
- fuel oil consumption for electric generator units is calculated on the basis of the difference between the amount of fuel oil in the two tanks at the start and end of the period, accounting for any refills in the intervening period;
- fuel consumption is based on the statements provided by Total and related to professional card use for fill-ups.

(1) *Study scope: the production of theatre-release films, video and television programmes, sound recording and music publishing, television programming and broadcasting, or businesses with the French Business Activity Codes 59 and 60.*

7.2.3 POLLUTION AND NUISANCES

PREVENTING AND REMEDYING EMISSIONS

TF1, through the activity of its head offices, does not release effluents into the water or soil.

In the specifications written during our selection of our maintenance contractors, the Group requires them to certify that they observe a policy aiming to reduce the use of products that are harmful for the environment.

Our maintenance partner, SAMSIC, has introduced a solution for producing a surface-cleaning detergent and a disinfectant using fresh water and salt *via* a water electrolysis process.

In accordance with regulations, waste water from the canteens is filtered in a grease tank that is regularly emptied by PFD. Similarly, the surface water from the car parks is collected in a special tank for water containing hydrocarbons that is emptied by PFD.

CONSIDERATION OF NOISE POLLUTION AND ANY OTHER FORM OF ACTIVITY-SPECIFIC POLLUTION

NOISE AND ODOUR POLLUTION

Suppliers (of cooling systems, air-cooling towers, air handling facilities and electrical generator units) are assessed on the performance of their products in terms of noise pollution. An acoustics specialist is occasionally called in to verify the quality of these products. To measure the potential noise pollution for employees, the Group also calls on the services of a firm specialising in acoustics when doing work on its premises. The results are submitted to the Health and Safety Committees.

During the renovation of the headquarters’ generators, a Venturi-type ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

EFFECT OF RADIOWAVES ON HEALTH

Regarding the broadcasting aerials located on the roof of the main TF1 building in Boulogne-Billancourt, measurements taken in 2007 and communicated to the Health & Safety Committees, showed that authorised levels in the approach area around the aerial were not being exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel. The instructions for the reception and broadcasting equipment installed in Satellite News Gathering (SNG) vehicles are updated on a regular basis.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were also assessed by APAVE, which found no anomalies. Operators must follow safety procedures when installing such aerials, and a one-and-a-half metre safety zone is marked out around such equipment when on the ground.

Concerning the 4G transmission system used during news coverage operations, measurements made by the EMITECH laboratory show that the Specific Absorption Rates, or SAR, are clearly compliant. The maximum SAR for the head and the trunk must not exceed 2W/kg and the SAR measured by the laboratory EMITECH is 0.795W/kg. User instructions are displayed in news coverage logistics units and provided to the News Coverage Department.

The Medical Department is highly vigilant and examines every radiowave-emitting system that is put into service.

As was the case with the deployment of the WIFI network, each new facility is subject to measurement by the approved laboratory, APAVE. In 2015, a series of checks were carried out on radiation emitted by WIFI equipment within the areas occupied by e-TF1 teams and the results were sent to the Health and Safety Committees.

In 2017, new electromagnetic field emissions measurements were introduced for the AVIWEST DMNG PRO mobile broadcasting equipment used increasingly frequently by reporting teams. Measurements taken under real working conditions show field levels to be below reference exposure limit values (ELVs) and risks for workers from electromagnetic fields are low. The new report is available for consultation at the health service. It has been presented to the TF1 and LCI Health and Safety Committees.

TF1 checks parcels and envelopes received using an X-ray machine. Pursuant to regulations, this equipment is authorised by the French Nuclear Safety Authority and two managers were trained and appointed to the role of Radiation Protection Officer for the purposes of ensuring that equipment is checked and maintained in accordance with applicable regulations. An Annual Report is submitted to the Health and Safety Committees.

7.2.4 CIRCULAR ECONOMY

PREVENTION AND RECYCLING MEASURES, AS WELL AS OTHER FORMS OF WASTE RECOVERY AND DISPOSAL

The main waste-generating activities primarily concern catering (packaging waste, food waste), office activities that include paper and other office supplies, works undertaken on buildings to modify and maintain installed building services and equipment, and IT and audiovisual activities (electronic waste).

Overall waste was unchanged in 2017.

The main types of waste are:

- At 194 tonnes, organic food waste was up, particularly due to the inclusion of coffee grounds and the more widespread use of fresh and organic products in staff restaurants, all of which is recovered by means of anaerobic digestion to produce methane, and for use as a soil conditioner for agricultural land;
- 186 tonnes of ordinary industrial waste collected for sorting, 76% of which is recovered;
- 142 tonnes of bulky waste from skips which is sorted for recyclable materials (wood, cardboard, ferrous and non-ferrous metals, rubble), then sent to specific recycling networks (52% of the waste collected);
- A wide-ranging plan to redevelop the premises was launched in August 2017, to move from traditional layouts to flexible office layouts. As a result, lots of staff were moved for the works to take place. There is an ongoing initiative with the service provider VALDELIA (an environmentally-friendly organisation responsible for operating an office furniture recycling network) to recycle old office furniture and recycling was scheduled for early December 2017.

Illustration of some the prevention measures:

- TF1 informs its service providers of waste issues by including special criteria in calls for bids and contracts, and by taking shared action as part of the provision of the service. They do not use disposable wipes or non-biodegradable products for cleaning;
- In the event of moving, TF1 no longer uses disposable cardboard boxes. Instead, the company has made the choice of a more sustainable type of container which may be reused 30 times, hence making it possible to reduce the amount of waste cardboard (10,000 cardboard boxes purchased and scrapped per year were replaced by 1,000 reusable containers);
- To reduce waste paper: paperless handling of documents (expense claims, annual performance appraisals), reduction of paper, ink, waste and DVDs (1,000 fewer DVDs per year); introduction of a coercive printing policy with a pin code required for colour printing and default printing on both sides of the paper; introduction of a print analysis tool (Watch doc); significant reduction in “local” printers;
- Introduction of selective sorting on a voluntary basis on all the redeveloped Nextdoor floors with plans to roll the initiative out across all floors in 2018;
- Systematic office cleaning every time employees are moved;
- Preventive disability initiative: recycling plastic stoppers to finance wheelchairs for the disabled;
- Recycling oils from staff restaurants into bioethanol *via* the “Allo les huiles” company;
- 2018 battery recycling project employees provided with containers for partially-used batteries from technical shoots.

Waste is sorted and recycled or else incinerated to produce energy.

INDICATOR: QUANTITY OF COLLECTED WASTE

Site	% revenues	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
TOTAL WASTE *(in t)*		**796**	**785**	**546**
Total waste recycled *(in t)*	82.6	458 (58%)	514 (65%)	354 (65%)
OIL *(in litres, 100% recycled as bioethanol)*		**208**	-	-

MEASURES TO PREVENT FOOD WASTE

Dishes are weighed by the catering provider (SODEXO) in accordance with its contract and second helpings of bread have to be paid for, thereby naturally reducing food waste. Recycling bins were set up for unused condiment sachets at dish return stations.

Every year there is a specific day on which the issue of food waste is brought to the attention of consumers.

SUSTAINABLE USE OF RESOURCES

WATER CONSUMPTION

Water is primarily used in the air conditioning circuit, the washrooms and kitchens. Spraying the air-cooling towers accounts for 40% of the total water consumption of the La Tour building.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
TF1 – TOUR/ATRIUM	82.6	48,561	48,228	51,785

Action taken since 2015:

- replacement of all defective water chiller hoses in Technical Process areas;
- replacement of the digital water detection unit;
- service providers have been made more aware of reducing consumption;
- leak detection campaigns are conducted on a regular basis;
- consumption indicators specific to collective catering were introduced in the 2015-2017 contract (softened cold water and hot water);
- research into optimising water consumption in buildings is under way;
- air-cooling towers are gradually being replaced with more efficient and economical towers.

RAW MATERIALS CONSUMPTION

For an audiovisual sector group like TF1, the main raw material consumed is paper. Several initiatives have been launched to reduce internal consumption, including shifting to electronic in-house publications, the rollout of multifunction printers, the reduction of the number of printers and systematic double-side printing. The Group uses paper with EU Ecolabel certification, the density of which was reduced to 70g per sheet. The drop in consumption for 2017 was significant.

The redevelopment of Nextdoor into flexible office space currently being rolled out in TF1 buildings involves a sharp reduction in "paper" consumption with storage down to one unit per person.

INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
TF1 – TOUR/ATRIUM	82.6	34	45	54

In catering, TF1 and Bouygues Energies et Services, also requests service providers, through a contractual guarantee, to favour local sourcing, organic produce and seasonal vegetables.

ENERGY CONSUMPTION

Electricity

The TF1 group uses electricity for its everyday activities, kitchen equipment, and to power and cool the equipment used for producing and broadcasting programmes (studio lighting, machine rooms, final production, etc.). Electricity is also used to light and power office workstations.

Public commitments (to a 20% drop in electricity consumption between 2012 and 2020) were given by the TF1 group when it signed the Paris Climate Action Charter on 12 October 2015. These objectives have already been achieved. Others will be set again with the aim of obtaining ISO 50001 certification.

Consumption began to fall in 2010. This drop in consumption is the result of improved management of facilities through the technical management of the building, greater efficiency in the closed water circuit in the air-conditioning system (through renovation works eligible for the *Certificat d'Économie d'Énergie*), and switching off the air conditioning equipment when the buildings are empty. Studio air conditioning units are now switched off according to studio schedules.

The introduction, in late 2017, of a solution enabling oversight of energy consumption to be broken down by area and by usage, will make it possible to reduce consumption over time (Smart Impulse).

INDICATOR: ELECTRICITY CONSUMPTION (IN MEGAWATT HOURS)

	% revenues	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
TF1 – TOUR/ATRIUM	82.6	20,796	22,060	22,366

Fuel oil

Fuel oil is used in the electric generator on the production sites. These serve as the emergency power source in the event of an EDF power cut to continue broadcasts and other key processes. The dramatic increase in 2017 was the result of major maintenance work (every eight years) on high-voltage stations which required switching to the generator for two whole nights.

Fuel for vehicles used to film reports for TF1 and LCI (motorbikes, cars, mobile video trucks) was Premier and Excellium diesel and Super unleaded 98 or 95.

INDICATOR: FUEL CONSUMPTION (IN LITRES) REPORTING

	% revenues	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
GENERATOR FUEL OIL TF1 TOUR/ATRIUM	82.6	22,001	10,465	8,365
FUEL ALL VEHICLES (REPORTING – COMPANY VEHICLES)	82.6	204,641	226,056	215,770

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

BUILDING MANAGEMENT

- starting in 2014, a programme to renew the air-cooling towers of the IGH office tower was initiated, consisting of the introduction of more efficient and economical towers;
- in 2016, a renovation programme for the building was commissioned with a view to replacing the lighting system with LED bulbs and the heat pumps by more economical equivalents (air conditioning).

In 2017:

- Ongoing replacement of heat pumps with more economical equivalents, enabling optimised temperature regulation;
- Change of electrical equipment boxes to enable oversight and metering by network type (power, lighting and office technology);
- Plans to replace all lifts began in September 2017, with the introduction of destination control to make lifts more economical;
- Replacement of lighting with LED technology, with motion sensors and dimmers in office areas and conference rooms;
- 2 air-cooling towers were changed and 4 new towers will be installed in 2018.

IN PRODUCTION PROCESSES (STUDIOS/NEWS COVERAGE/BROADCASTING)

The LCI channel designed its studios with lighting provided entirely by LED bulbs which last longer, consume less energy and do not heat up, thereby cutting the studio's total consumption (lighting and A/C) to 7kW on average – a tenth of the consumption of a studio lit with conventional systems.

The three new mobile video units are lighter, more modern and completely autonomous. They are also fitted with batteries that recharge when the vehicle is in motion, thus reducing energy consumption. The mobile video units comply with the "Euro 4" standard and are fitted with 6-speed gearboxes to limit consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

IN IT

Reorganisation of machine rooms and areas hosting the hardware used in production, storage and/or processing, taken into consideration. Several objectives were identified:

- to optimise useful space to accommodate equipment (freeing up m² and focusing efforts on the smallest areas);
- to improve security (at several different levels: audiovisual and IT system – access – fire – supervision, etc.);
- to simplify the deployment of new infrastructures, (standardisation of methods, awareness-raising to ensure that projects take security into consideration);
- reducing energy consumption (Reduction in the number of machines and improved cooling and ventilation units).

Across all these items, experience gained with regard to Data Centres was used as an example and, in particular:

- the concept of "hot aisles" (just cooling equipment racks rather than entire rooms);
- densification within individual racks and better arrangement of cables to optimise air circulation;
- choosing equipment that adapts to the real-time load, that can even learn to anticipate, rather than withstand (changes in weather – different machine loads at different times of the day and night);
- virtualisation of several machines into one, use of the cloud (Private, Public or Hybrid) on a day-to-day basis or to manage overloads, thereby also limiting consumption;
- there are guidelines for successful layouts. Adaptation for TF1 use is underway. Its aim is to aid project managers and highlight the return on the investment in this cross-functional initiative;
- user workstations: wherever possible, group software together on a single machine to limit numbers.

USE OF RENEWABLE ENERGIES

In 2017 and 2018, the TF1 group took out a contract with EDF for the supply of kWh Équilibre-labelled electricity for 2017 and 2018. For each kWh consumed by TF1, EDF commits to producing the same quantity from renewable energy sources.

7.2.5 CLIMATE CHANGE

MEASUREMENT OF GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions were assessed within the scope of the EMS using the Bilan Carbone® carbon audit method.

Calculations for the quantitative analysis below focused on Scopes 1, 2 and 3A.

Scopes 1 and 2 were updated with activity data from 01/10/2016 to 30/09/2017 and revised using version 7 of the Bilan Carbone® assessment. Scope 3A is partially updated on a yearly basis.

For Scope 3B (use of products, i.e., watching programmes on the Group's channels): this source of greenhouse gas emissions is potentially the largest one, but it is not considered measurable. Collecting these data would require accounting for the electrical consumption of all of the television sets, computers, tablets and mobile phones in France, prorated for the TF1 content that is watched on them. TF1 group does not have the means to collect the data on this consumption.

The most significant item was purchased products (%) approximately 60% of which are purchases of programmes broadcast on the Group's channels.

- With regard to programme purchases, the Carbon'Clap tool, developed by the Ecoprod collective, of which TF1 is a founding partner, was used to measure shoot-related CO_2 emissions. Key figures have been established by production type on the basis of programmes made by the channel in-house (average hour of non-scripted programme: 8 tonnes; drama filmed in Île-de-France: 25 tonnes; drama filmed in Europe: 45 tonnes; exceptional sports events (such as World Cup Football: 1,550 tonnes)). These key figures were then applied to programme purchases, provided that said programmes were made specifically for TF1, broadcast during the year and recognised just once for accounting purposes (not including repeats).

Other purchasing ("Other inputs") is estimated on the basis of a financial factor.

The next items are travel (business and commuting), waste and fixed assets.Fixed assets and therefore their related greenhouse gas emissions fell sharply this year (discontinued purchases of desktop computers, no longer using individual printers, favouring shared printers that are leased).

INDICATOR: GREENHOUSE GAS EMISSIONS

Bilan Carbone® emissions by source *(in equivalent tonnes of CO_2 V.7 of the Bilan Carbone®)*	**From 01/10/2016 to 30/09/2017**	**From 01/10/2015 to 30/09/2016**	**From 01/10/2014 to 30/09/2015**
Scope 1: Direct emissions from fixed sources (generator fuel oil)	60	29	23
Scope 1: Direct emissions from mobile fuel combustion sources (reporting and company vehicles)	607	607	580
Scope 1: Direct fugitive emissions (refrigerant gases)	487	410	679
Scope 2: Indirect electricity consumption-related emissions	1,258	1,334	1,353
Scope 2: Indirect steam consumption-related emissions	368	352	360
Scope 3: Emissions relating to energy consumption not covered by direct or indirect energy emissions	504	520	518
Scope 3: Products purchased	83,283	83,338	83,312
Scope 3: Fixed assets	748	1,188	1,060
Scope 3: Waste generated	84*	219	170
Scope 3: Business travel (excluding reporting and company vehicles)	3,764	3,735	3,493
Scope 3: Employee travel	1,329	1,290	1,329
TOTAL (EXCL. PRODUCT USE)	**92,492**	**93,021**	**92,876**

* *The drop in waste-related GHG emissions was due to a new method of carbon accounting that takes the percentage and type of recycling into consideration for each type of waste, something that has never been done before.*

Emissions by scope of the Greenhouse Gas (GHG) Protocol *(in equivalent tonnes of CO_2)*	Uncertainty	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
Scope 1	23.0%	1,154	1,046	1,282
Scope 2	10.0%	1,626	1,686	1,713
Ratio in tonnes of scope 1+2 CO_2 by employee		*0.90*	*0.95*	*1.0*
Ratio in tonnes of scope 1+2 CO_2 per million euro of revenue		*1.32*	*1.32*	*1.37*
Ratio in tonnes of scope 1+2 CO_2 per square metre		*44*	*43*	*43*
Scope 3A (excl. product use)	50.0%	89,712	90,289	89,881
TOTAL SCOPES 1, 2, 3A (EXCL. PRODUCT USE)		**92,492**	**93,021**	**92,876**

These figures were consolidated with those of the Bouygues group, as part of the Group's carbon accounting.

PLAN TO REDUCE GHG EMISSIONS

- Plan to reduce electricity consumption with an objective of -20% by 2020 compared with 2012 (see above);
- A purchasing and depreciation policy incorporating environmental criteria for IT hardware and broadcasting equipment;
- Employee travel (Corporate Travel Plan to be launched in 2010):
  - Corporate fleet: emissions limit of 160g/km of CO_2 set for petrol models and 150 g/km of CO_2 for diesel models. Policy to promote the use of hybrid models (10% of the fleet),
  - Incentive to use public transport *via* 80% reimbursement of public transport passes,
  - Introduction of an electric vehicle car sharing service for employees' professional travel, replacing the use of taxis, In 2017, self-service electric bikes were added to this fleet,
  - Creation of more parking spaces for employees' electric vehicles: +120% (creation of 17 spaces in 2017 making a total of 31 parking spaces). Plans to add another 30 parking spaces for electric cars in 2018,
  - Use of Excellium diesel in report vehicles, hybrid car testing under way.

An initial employee survey was carried out in 2010 on commuting. A second commuting survey was administered in April 2014. The results of survey, analysed by Innovation 24, a Bouygues subsidiary, show clear-cut changes in mobility choices compared with the 2010 survey, with the gradual adoption of more environmentally friendly transport means:

- a considerable increase in the use of public transport: +13%;
- +4% for walking and biking for employees living in Boulogne-Billancourt and nearby areas;
- car use is down 10%, and 5% to 10% of commutes are now carpooled.

OTHER GASES

To comply with regulations on the gradual elimination of gases that damage the ozone layer (Regulation (EC) no. 2037/2000 of the European Parliament and the European Council of 29 June 2000, with a 1,600 deadline), TF1 replaced various air-conditioning system components (around 1,600 heat pumps and air-conditioning cabinets and five water chillers). Gas used in cooling equipment is one of the fluids covered by prevailing regulations. Every precaution is taken when purging obsolete equipment before scrapping.

7.3 SOCIETAL INFORMATION

7.3.1 SOCIETAL POLICY AND SOCIETAL RISK FACTORS

As a broadcaster, TF1 group has a fundamental responsibility towards society. It is therefore committed to ensuring that its programmes comply with the ethical and professional commitments made to the public[(1)], and that the information broadcast on Group channels is of the highest quality.

In terms of business ethics, in 2014, under the responsibility of its Corporate Secretary, Group Head of Ethics, TF1 initiated a structured Compliance approach with a dedicated organisation. TF1 has also introduced its own Code of Ethics, as well as compliance programmes and training plans.

The diversity of the programmes offered, their inclusive and non-discriminatory nature and the emphasis on solidarity and community spirit are all key issues for TF1. As a leading media group, it has made these central to its CSR policy. The TF1 Corporate Foundation, focused on the professional integration of young people from disadvantaged neighbourhoods, is a key player in the Group's diversity policy.

The Central Purchasing Division introduced a "Responsible Purchasing" policy when it was first established in 2008. In late 2017, it applied to renew its Responsible Supplier Relations certification.

TF1 group has made tackling piracy a priority, cracking down on the illegal recording of Group content and pursuing an active content protection policy. The protection of personal data has become an increasingly important issue for the Group in recent years.

TF1 group encourages respectful and constructive dialogue with all its stakeholders. The development of a close relationship with the public, bringing all individuals the opportunity to dialogue with the Group, is a key element in its communication policy. A partnership with the "Respect Zone" non-profit organisation makes it possible to increase the visibility of a charter encouraging the respect owed to everyone in digital communication and on the social networks of the Group.

To give greater coherence and visibility to the Group's societal commitment, involving Broadcasting, the company and the Corporate Foundation, Gilles Pélisson decided to create an umbrella organisation and brand encompassing actions in three key areas: philanthropy, diversity and the sustainable society. This gave rise to the "TF1 INITIATIVES" approach, which was launched in late 2017.

SOCIETAL RISK FACTORS

RISKS RELATED TO IMAGE AND ETHICAL NON-COMPLIANCE

The main societal risk for TF1 consists in failing to respect the Group's public commitments in the ethics and compliance of the content it produces and broadcasts. From this standpoint, TF1 has particular responsibility given its leading-channel status. It also represents a licence-to-operate risk, if the regulator were to identify major cases of non-compliance.

RISK MANAGEMENT POLICY

Respecting its commitments is a central Group concern. The Group's risk management policy is designed to ensure:

- programme compliance, under the responsibility of the General Counsel's Department and the Broadcasting Division;
- the responsibility and independence of the News Division;
- that all staff involved in programme-making is trained on their rights and duties by the Legal Affairs Division.

7.3.2 SOCIETAL REPORTING PARAMETERS

Scope:

- Ethics, philanthropy, purchasing, public relations: the entire Group (excluding Newen, Play Two and Bonzaï Digital);
- Programme compliance: TF1, TNT channels: TMC, TFX, TF1 Séries Films and LCI.

Period under review:

Reporting on societal issues concerns the period from 01/10/2016 to 30/09/2017 with the following exceptions:

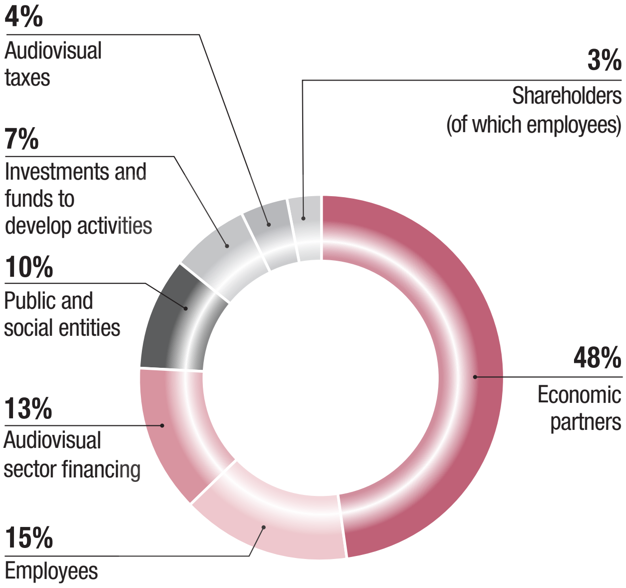
- programme compliance: 2016 (discussions still ongoing with the CSA for 2017);
- channel subtitling, calculated for 2017 by TF1's information systems;
- philanthropic actions, calculated by information systems for the whole of 2017.

7

(1) Conseil Supérieur de l'Audiovisuel – TF1 agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169.

7.3.3 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

COMPANY'S ECONOMIC CONTRIBUTION IN 2017 (IN MILLIONS OF EUROS AND % OF REVENUES)



The diagram above shows the distribution of TF1 group 2017 revenues (€2,125 million) among its main stakeholders.

The graph illustrates the Group's contribution to the audiovisual sector in particular, through the payment of taxes, the support it provides *via* its production obligations and the royalties it pays to societies of authors:

- *audiovisual taxes = Centre National de la Cinématographie (CNC) + taxes for the financing of France Télévisions + tax for community radio and press;*
- *public and social entities = corporate tax + company value-added contribution (CVAE) + social welfare bodies + social contributions;*
- *audiovisual sector financing = obligation to invest in French drama (12.5% of advertising revenues from previous year) and in film (3.2% of advertising revenues from previous year) + copyright;*
- *shareholders (including employees) = dividends paid in 2017 in respect of 2016 + share buybacks.*

CORPORATE FOUNDATION INITIATIVES

Focusing on diversity and professional integration, the TF1 Corporate Foundation was ten years old in 2017. Each year it holds a competition to recruit young people aged between 18 and 30 from deprived areas. Candidates are selected by a panel of professionals. They are offered a two-year work/study placement with TF1 group, supervised by a tutor and a mentor who will help them establish a network, instruct them on corporate principles and provide them with training recognised in the professional environment. The scheme covers more than 25 professions in the fields of journalism and audiovisual production, as well as the company's service businesses. For the 10th intake in September 2017, 12 candidates were selected.

Over the years, the Foundation has seen a real diversity in the candidates applying to TF1. For those who have dropped out of formal education, it gives them the chance to regain confidence and return to the job market.

The TF1 Corporate Foundation was instrumental in setting up "*Tous en stage*", a network of more than 50 companies[1], local authorities, non-profit organisations and government agencies. The aim is to arrange temporary work placements for secondary school pupils from areas designated by local authorities as high-priority and extra high-priority in educational terms. The scheme is run in partnership with the French Ministry of Education and enables year 10 pupils from underprivileged neighbourhoods to learn about different careers. In 2017, TF1 received 350 pupils from 14 classes.

Each year, the TF1 Corporate Foundation organises events with sixth-form pupils and offers them support through innovative learning activities.

The TF1 Corporate Foundation is the brains behind the "Coding Bus", a digital project launched in association with a business consortium and government agencies which offers primary and secondary school pupils the chance to learn computer code.

INDICATORS: CORPORATE FOUNDATION INITIATIVES

At 31/12	2017	2016	2015
Young people from disadvantaged neighbourhoods recruited by the TF1 Corporate Foundation (winners of the annual competition)	12	13	11
High schools visited (students concerned)	17 (1,900)	16 (1,800)	19 (2,100)
Number of year 10 classes joining TF1 on work placements	14	6	1
Participation in the *Forum des Métiers* business event	15	10	12
Start-ups supported with the association CREO	26	26	12
Studio visits	14	14	12
Coding Bus (number of pupils)	140	-	-

(1) of which 10 parent companies (Air France, Auchan, Coca-Cola, L'Oréal, Microsoft, Schneider Electric, Ubisoft, Adecco, Eurosport and TF1).

7.3.4 PUBLIC RELATIONS

AUDIENCE RELATIONS DEPARTMENT (ARD)

Building a strong relationship with the public is a priority for TF1 group.

The rollout of the audience dialogue system is a key feature of TF1's policy to forge closer ties with viewers, the goal being for TF1 to be an accessible media entity fostering interactive contacts with its audiences and bringing diversified programmes to its viewers.

The Audience Relations Department (ARD) was set up to implement a broad range of initiatives to develop an ongoing relationship with the public, to educate them about the channel, and to share its values with audiences and critics. Using the communication tools put in place – such as the *TF1&Vous* section accessible from MYTF1.fr, TF1's significant presence on social media, letters and phone calls – viewers can share their views on programmes and presenters at any time.

SOCIAL NETWORKS, GRASSROOTS EVENTS

TF1's presence on social media, through Facebook, Twitter, Instagram and Snapchat, is part of the same drive to build closer ties by offering people a unique space in which to dialogue and interact. In 2017, TF1's community managers took part in discussions with 64 million followers who subscribe to the programmes, channel hosts' and presenters' pages, and to the TF1 group corporate communications page. Subscribers get exclusive programme information and loyalty offers, including invitations, goodies and advance showings. They can also share their views on programmes and services. TF1 group is present on social media through its presenters, many of whom engage with their followers.

Dialogue between the social media team and the public is now a key to promoting content, connecting with audiences and driving traffic to different screens. Using competitions, trailers and special campaigns, social media officers generate posts and content which foster engagement with an extremely broad community.

To generate maximum impact and "likes", the social media team organises regular Facebook Live events. Celebrities from the channel or artists who work with the Group's subsidiaries (performers from TF1 Musique, actors from TF1 Studio co-productions) also take part in these original live interviews.

INDICATORS: AUDIENCE RELATIONS

	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
Replies to private contacts *via* email, post and calls to the ARD*	56,350	45,000	55,000
Total number of followers on all social media and TF1 group accounts *(subsidiaries, programmes, presenters, etc.)*	over 65 million	over 56 million	over 30 million

* *ARD: Audience Relations Department*

NEWS OMBUDSMAN

News ombudsman Françoise-Marie Morel receives the public's opinions, requests for explanations and complaints *via* the Audience Relations Department (on tf1.fr). She listens to comments about presenters and the treatment (or non-treatment) of news stories. She replies on her web page http://www.lci.fr/la-mediatrice-vous-repond/.

She explains how newscasts are put together and what the rules are. She can also reply to certain individual queries. She advises the Editorial team when many people express similar reactions on a given issue.

TACKLING CYBERBULLYING: PARTNERSHIP BETWEEN TF1 AND RESPECT ZONE

Like all TF1 group websites and accounts, the News Ombudsman's website now contains a link to the Code of Conduct of Respect Zone, a non-profit organisation which the Group now partners. The aim of Respect Zone is to promote respect online. The Respect Zone label is easy to use and display, while its Code of Conduct encourages not only respect, but the moderation of digital space and content.

7.3.5 PARTNERSHIP AND SPONSORSHIP INITIATIVES

All of the Group's societal commitments implemented from late 2017 under the umbrella of "TF1 Initiatives" have been reorganised into three pillars (philanthropy, diversity and sustainable society) to promote social harmony in France. These are overseen by the CSR Director, who coordinates several working groups. These include the "TF1 Initiatives Committee", which holds quarterly meetings attended by all contributors.

Non-profit organisations are key partners of TF1's societal commitment. The sponsorship initiatives that involve them are implemented by Broadcasting, TF1 Publicité, the company and the Corporate Foundation. One of the working groups consists of employees in charge of free advertising space at TF1 Publicité, broadcasting operations and social media, acting as a "one-stop shop" to respond fairly to non-profits that want to advertise on TF1.

TF1 Publicité and the TF1 channel provide direct assistance to non-profit organisations and help them raise their profile through: special prime time operations, commercial production and free broadcasting, or donations of game show prizes. Air time is offered to a varied range of organisations and causes. However, the Group is particularly keen to support nationwide non-profit organisations that help those in need, as well as medical research charities. *Les Pièces Jaunes*, *Les Restos du Cœur*, *Sidaction*, ELA (the fight against leukodystrophy) and now the

Laurette Fugain organisation have become very important recurring operations.

The company has set aside a “TF1 Initiatives” budget for sponsorship activities. This can be used to make donations to carefully selected partner organisations involved in promoting diversity and social harmony, as well as medical research. These include *La Chance aux Concours*, which funds places at journalism school for young people, or *École de la Cité*, which trains young people to be screenwriters or directors. The Group identified three new strategic partners at the end of 2017 and in 2018: *Sport Dans la Ville*, helping young people into work through sport; *Fraternité Générale*, encouraging cultural events and celebrations in the spirit of social cohesion; Respect Zone, promoting respect on social media (TF1 websites will now include its logo and Code of Conduct).

PHILANTHROPY INDICATORS: NUMBER OF NON-PROFIT ORGANISATIONS CONCERNED, TYPE AND AMOUNT OF DONATIONS

	2017	2016	2015
Number of organisations having received donations	125	121	140
Cash donations to organisations *(€000)*	2,468	3,817	3,339
Donations in kind *(value in €000)**	34,794	31,539	31,291
Sponsorship administrative costs and contributions to Foundations *(€000)*	1,464	1,961	1,895
TOTAL VALUE OF INITIATIVES *(€000)*	**38,726**	**37,317**	**36,525**

* *Free advertising, production of commercials, direct donations, donation of game show winnings.*

7.3.6 INNOVATION AND START-UP ECOSYSTEM, INTRAPRENEURSHIP

New experiences, new content, data, advertising technology… digital innovation represents the core focus of TF1’s development, which consists of several complementary aspects:

- The start-up acceleration programme, which completed its second season in late 2017, has already supported 15 start-ups through collaboration and joint innovation with TF1’s business lines;
- In parallel, the “Business Lab” intrapreneurship scheme enables employees to test and develop new business ideas and services for the Group;
- The Group invests in start-ups such as Wibbitz (a text-to-video creation platform used by 150 publishers worldwide) and Lucette (a website recommending beauty products). To enable it to do this, TF1 has various resources at its disposal, such as the “TF1 One Innovation” investment fund set up last year with a €2 million budget, a Media For Equity programme, and the Group’s strategic acquisitions;
- Regular discussions with the Bouygues group’s market intelligence teams in Asia and the United States provide visibility on global market trends. The Innovation division is also working on setting up joint innovation projects with other major groups;
- Lastly, the Group has a prototype design and development unit and a showroom dedicated to innovation.

Underpinning this approach, the Open Innovation and New Business team is equipped to identify strategic development areas, developing prototype projects and examining their potential and relevance for TF1 group.

7.3.7 ETHICS AND SOCIETAL RESPONSIBILITY OF THE GROUP

GROUP REGULATORY ENVIRONMENT

TF1 group operates in a complex and changing regulatory, technological and competitive environment. The Group has pledged to respect – on its channels and on-demand audiovisual media services – the ethical and professional principles enshrined in the agreements signed by its channels with the CSA and the regulations governing its activities (see Section 6.2).

THE GROUP’S ETHICS, COMPLIANCE AND CSR POLICY

Since 2009, TF1 group has taken a structured approach towards compliance, overseen by its General Counsel as Group Ethics Officer. The rollout of this initiative consisted of three pillars: Ethics, Compliance and Corporate Social Responsibility (see Section 2.2).

The Ethics and CSR Committee met once in 2017. The Committee has examined the various CSR actions taken by the Group, particularly in the areas of diversity, philanthropy, sustainable development and transparency of non-financial reporting. These CSR actions and their reporting were audited in 2016 by Ernst & Young with moderate assurance in its unqualified audit opinion.

7.3.8 RESPONSIBLE PURCHASING POLICY

TYPES OF PURCHASES

Rights purchases are made through the Purchasing GIE. They make up a large share of TF1 group purchases, *i.e.* 51%. Since the main risk for this type of purchase is compliance risk (failure to comply with the agreement signed with the CSA), it is monitored by Broadcasting, the Legal Affairs Department and Internal Audit (see Section 1.6).

The Central (Ex-rights) Purchasing Division is largely responsible for implementing the Responsible Purchasing policy, which is described below. (Share of purchases: 30%).

In addition, TF1 Games and Téléshopping purchase goods that are not covered by the Central Purchasing Division.

THE RESPONSIBLE PURCHASING POLICY OF THE CENTRAL (EX-RIGHTS) PURCHASING DIVISION

To implement TF1's CSR policy at the Group's service providers and suppliers, in 2008 TF1 initiated a Responsible Purchasing policy excluding the purchasing of rights.

TF1 group is a signatory of the Responsible Supplier Relations Charter. This consists of ten commitments aimed at building balanced and sustainable relationships between the major companies that are signatories of the charter and their suppliers. By signing this charter, TF1 is demonstrating its desire to apply the best practices described and to establish a climate of mutual trust with its suppliers. At the end of 2017, the Group applied to renew its certification under the charter. It first obtained certification in 2015.

All buyers from the Division are required to implement these commitments.

The Head of Purchasing coordinates the policy and provides operational leadership. Each year, the Responsible Purchasing Committee meets with buyers to review the implementation and adoption of the policy.

MAIN INITIATIVES

Through its Responsible Purchasing policy, the TF1 Purchasing Division adopts a multi-pronged approach in accordance with Bouygues group's CSR policy. This mainly includes promoting sustainable relations with its suppliers, applying CSR criteria to purchases, making greater use of the sheltered sector, tackling corruption and offering professional development for its buyers.

A map of the rudimentary risks, focusing on critical issues for the 57 families of the ex-rights purchasing nomenclature, was introduced in 2015 in accordance with ISO 26000 and 31000. The potential risks (environment, employment law, health and safety) were summarised and a list drawn up of the measures in place. These were accompanied by an action plan. Together these formed the comprehensive "parent company vigilance" action plan launched by Bouygues in 2017.

PROMOTING BALANCED AND SUSTAINABLE RELATIONS

The commitment of TF1 group Purchasing Division towards sustainable and balanced relations with its suppliers and partners remains a major objective. TF1 prefers to have framework contracts with its suppliers, while establishing multi-annual contracts for services or supplies requiring significant investment and implementation.

For several years, TF1 group has had a balanced contractual framework compliant with the legislation. In early 2015 it amended its General Terms and Conditions of Purchase.

SUPPLIER ASSESSMENT WITH ECOVADIS AND CSR QUESTIONNAIRE

Since 2008, one aspect of the Responsible Purchasing policy has been based on CSR assessments of suppliers. These assessments, carried out by EcoVadis, examine four areas: the environment, social aspects, business ethics and purchasing policy. The assessments are used to prepare a report which provides a score for each component, an overall rating, the strengths, weaknesses and opportunities of the company assessed, a benchmark and 360-degree information.

These assessments are made through campaigns or as part of calls for tender or renegotiations of contracts worth over €500K, so as to integrate the CSR criterion in the final decision. In the former case, major suppliers (revenue > €70,000) affected by the CSR risks identified in the map are asked to take part in an assessment of their CSR performance by TF1's partner, EcoVadis.

By the end of September 2017, 174 suppliers had been assessed using EcoVadis over the previous three years. The breakdown by company size is as follows: 60% of large enterprises and 40% of very small enterprises (VSEs) and small and medium-sized enterprises (SMEs). The average score for the panel of suppliers contacted and assessed was 55.2/100 (the average for EcoVadis is 42.1/100). Fully 79% of these suppliers had their registered office in France. TF1 group itself scored 67.

Analysis of these conclusions further contributes to the successful management of supplier relations and is used to put in place an action plan with service providers identified as being at risk (based on the overall rating or one of the EcoVadis scores).

In addition to the EcoVadis assessments, the Purchasing Division has developed a "CSR Questionnaire" as a complementary supplier knowledge tool. This questionnaire covers all aspects of CSR, from the environment to safety, and uses a fast and effective analysis to identify key social issues for suppliers and verify their relevance within the purchasing process. The questionnaire is incorporated into all consultations and is a way of educating frontline staff at a very early stage in the process.

PURCHASER TRAINING AND INVOLVEMENT

All buyers in the Ex-rights Purchasing Division have been trained in responsible purchasing and CSR since 2015.

Moreover, 10.6% of the collective variable remuneration of the Purchasing Division and buyers from the TF1 group Purchasing Division depends on their actions in terms of purchasing CSR: inclusion of CSR criteria in purchasing decisions, monitoring of the management plan, promotion of the use of the sheltered sector, deployment of CSR assessments (EcoVadis or CSR questionnaire).

USE OF THE SHELTERED/ADAPTED SECTOR

The Purchasing Division maintains a list of establishments in the sheltered/adapted sector for a range of services, including printing, catering, packaging and mailing, creation and communication, the maintenance of green spaces and the recycling of cassettes.

INTEGRATION OF CSR CRITERIA AND CLAUSES IN TENDERS

An "ethics and compliance" clause referencing the Group's Code of Ethics is included in contracts and the General Terms and Conditions of Purchase. The clause also states that TF1 and TF1 group companies are members of the UN Global Compact.

The Group's entities make a commitment to other French and international companies to respect and promote the ten principles of the Compact in the areas of human rights, labour, the environment and anti-corruption, as well as adopting responsible purchasing practices. The contractor thus commits to respecting the principles set forth in the Compact, available on the Internet, and makes sure its subcontractors do the same. The contractor is informed that not respecting these principles will result in contract termination and/or is liable to cause serious damage to the image of TF1 group.

RESPONSIBLE PURCHASING ACTIONS OUTSIDE THE CENTRAL PURCHASING DIVISION

Téléshopping purchases

Téléshopping's imported products account for 38% of total purchases. This percentage breaks down as follows:

- 48% directly from Chinese factories (under an Asian import agreement);
- 52% through Euro shopping suppliers (under an ESH-Infomercial framework agreement for US and/or European suppliers of products associated with demonstration videos).

For direct imports from China, the Téléshopping quality assurance department produces specifications which the purchasing agent (AKA Out Springs) is responsible for enforcing. The agent visits factories on behalf of Téléshopping and coordinates the work with approved testing and verification laboratories on the ground (TÜV SÜD – SGS). In addition, staff from the Téléshopping Purchasing Division (three employees) go to China once or twice a year to visit supplier factories, accompanied by the local purchasing agent.

Other purchases in France and Europe come under a third specific contract (TSH type contract for French and European suppliers)

Each of the three standard contracts contains an ethics and compliance clause and a clause on compliance with employment regulations. The supplier undertakes to respect the provisions of international labour conventions, particularly those relating to forced labour and child labour, and is expressly prohibited from employing minors for the manufacture of the products covered by the contract or for any other related task.

The contracts also state that, because TF1 is a signatory of the Global Compact, the supplier must also fulfil the same commitments. This is an essential condition of the contract. The contracts also mention that TF1 group companies are committed to responsible purchasing practices. Suppliers must confirm that they have read the Responsible Supplier Relations Charter, available on the website http://www.relations-fournisseur-responsables.fr/charte-relations-fournisseur-responsables.

TF1 Games purchases

TF1 Games and Dujardin publish and sell children's games, which are sold to distributors in France and *via* distributor partners in Europe (or even worldwide, for some of the products).

There are two types of purchases:

- imports of finished products purchased from European or American suppliers;
- in-house development.

In the latter case, the TF1 Games team develops an idea or acquires a concept from an external author, drafts the specifications, and outsources production to a supplier under the supervision of a TF1 Games production manager. TF1 Games works with ten regular suppliers, including four in China, which mainly manufacture games that contain electronics. Card games are generally manufactured in Europe. Purchases in Asia (China) represent 82% of the purchasing total.

The specifications require a high level of product safety, with zero tolerance for non-compliance. Compliance tests are carried out in Hong Kong by the French laboratory, LNE, acting on behalf of TF1.

The terms and conditions of purchase include the "Ethics and compliance" clause, in line with the Responsible Purchasing Charter of TF1 group. Staff from the TF1 Games Purchasing team travel to China to visit the headquarters of suppliers each year, with a factory tour every other year.

Rights acquisition

Ethical issues surrounding rights acquisition (potential corruption among rights-holders and broadcasters) are rare, because rights are granted by means of calls for tender which follow a strict procedure (publication of tender specifications, submission of secure bids, opening of bids in the presence of the Commission, etc.).

TF1 is careful to include compliance clauses in its bids, a policy which is usually reflected in – or inspired by – rights acquisition agreements.

Regarding TF1's internal process, the bid prices are set by an Executive Management select committee, or for major rights (such as the FIFA or Rugby World Cup) by an *ad hoc* committee set up by the Board of Directors. The Legal Affairs Department is routinely involved in the preparation of bids.

SUMMARY OF ACTIONS FOR DEPARTMENTS INVOLVED IN THE PROCESS

	Central Purchasing Division	Rights Purchasing Division	Téléshopping	TF1 Games
Publication of the Responsible Purchasing policy	Yes	-	-	-
Buyer training on responsible purchasing	Yes	Yes	Yes	-
CSR criteria included in tenders	Yes	Yes	Yes	-
EcoVadis assessment	Yes	No	No	No
CSR questionnaire sent out during tenders	Yes	No	No	No
Inclusion in the CSR risk map	Yes	Yes	Yes	Yes

RESPONSIBLE PURCHASING INDICATORS

	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016	From 01/10/2014 to 30/09/2015
Total business scope *(€m)*	1,247.4	1,321.8	1,342.5
Expenses addressed by CSR criteria *(€m)*[1]	1,247.4	1,321.8	1,342.5
Share of expenses addressed *(in %)*	100%[2]	95%	41.2%
Number of suppliers assessed by EcoVadis or in the process of assessment	174	160	152
Revenue covered by an EcoVadis assessment or in the process of assessment *(€m)*	97.7[3]	396.2	344.8
Revenue with the sheltered/adapted sector *(€000)*	417.7	402.6	370.7
% of buyers trained in responsible purchasing[4]	100%	100%	100%

(1) Expenditure covered by a responsible purchasing policy or purchasing procedures integrating CSR criteria (e.g. contracts incorporating a CSR/SD clause).
(2) Following the campaign in 2015 to include the CSR/Diversity clause in contracts, 100% of contracts now contain these clauses. Only non-contract purchases (estimated lower than 5% of purchase values) are not routinely addressed.
(3) The net decrease in the amount covered by EcoVadis assessments is due to the scrapping of EcoVadis assessments of rights providers, which proved to be of little relevance for the business.
(4) Around 20 buyers, including 7 in the Central Purchasing Division and 4 in the Rights Purchasing Division.

7.3.9 RESPECT OF ETHICS AND COMPLIANCE RULES IN CONTENT

The General Counsel's Department is responsible for fulfilling the commitments made through agreements signed by the Group's channels, and for dialogue with the CSA. This last structure works closely with the Compliance Division, part of Broadcasting and in particular tasked with verifying commitments on programme compliance and the protection of young viewers. Dialogue with the regulator is carried out *via* hearings and written contributions, giving rise to requests and proposals on quantified commitments and the drafting of reports.

INDICATORS ON THE CONFORMITY OF PROGRAMMES WITH ETHICAL AND COMPLIANCE COMMITMENTS

The scope for all content-related aspects is 2016.

This analysis shows that for 2016, no caution or warning relating to compliance with ethical and professional requirements was issued for TF1 or LCI content.

As a reminder, TF1 broadcast 7,517 hours of programmes (excluding advertising and sponsorship) and covered more than 10,046 stories in its TV news. During the same period, LCI broadcast around 19 hours a day of rolling news programmes.

7.3.10 NEWS

NEWS DIVISION, SOCIETY OF JOURNALISTS

The News Division is tasked with ensuring that the ethical principles of the profession are applied.

It ensures the independence of the editorial staff. Through dialogue and debate, it creates an initial barrier against any attempt to breach the ethical boundaries of journalism. The editorial staff may tackle any issue and strive to treat each one in a balanced fashion, taking an approach that is commensurate with the importance of the news. The Society of Journalists, created following the privatisation of TF1, has as members 75% of the 230 or so journalists who make up the editorial team. Presenters and the News and Editorial Team Directors are not members of the Society. The Society's role is to create a space for dialogue in which members of the editorial staff may broach any question concerning compliance in journalistic practice and the integrity and independence of journalists. The Society of Journalists promotes the concept of responsibility in journalism as a profession. It meets with the News Division upon request and throughout the year.

The News Division contributes in its areas of expertise to the work of the Ethics and CSR Committee with a view to supplementing and detailing the application of the ethical principles applicable to the Division.

CHARTER OF PROFESSIONAL ETHICS FOR JOURNALISTS AND INDEPENDENCE AND PLURALISM COMMITTEE OF TF1 GROUP

The main unions representing journalists in France have adopted the charter of Professional Ethics for Journalists, available on the website of the National Union of Journalists (SNJ) (www.snj.fr/IMG/pdf/Charte2011-SNJ.pdf). The National Collective Labour Agreement for Journalists (CCNTJ), which applies to all 37,000 press card-carrying journalists in France, also establishes ethical principles. The journalists of the Group's editorial teams, who hold the Press Card, have *de facto* adopted these rules and principles.

The TF1 group News Division has continued its work on the adoption of a Code of Conduct specifically for the Group's journalists, taking into account Law 2016-1524 of 14 November 2016 aimed at strengthening the freedom, independence and pluralism of the media. By law, each media firm will be required to have a Code of Conduct. In addition, by 1 July 2017, they must appoint an independent committee tasked with enforcing the principles of integrity, independence and pluralism of their news and programmes. On 27 April 2017, TF1's Board of Directors appointed the eight independent members of the TF1 group Independence and Pluralism Committee. It informed the CSA of the names of the committee members in a letter dated 15 May 2017.

In accordance with the law of 14 November 2016, the committee will be consulted on the drafting of the Code of Conduct.

The rights, obligations and principles enshrined in the charter will apply to all TF1 group journalists – including journalists working in digital media – who are already required to uphold the various ethical and professional commitments made by the News Division in recent years.

NEWS ITEM VIEWING AND ERROR CORRECTION

Each news item is viewed by at least five people: the chief editor, the assistant chief editor, the managing editor, the presenter and a head of department. The Director of the Editorial Team also views many stories. If a mistake is made on air, it is frequently corrected before the end of the programme by the presenter. Wherever he so wishes, the Director of the Editorial Team can call on the Director of Legal and Regulatory Affairs for his advice on the matter in question.

PRESS TRIPS AND EMBEDDED JOURNALISTS

Outside official travel, journalists may only take part in press trips with their manager's approval. This is granted on condition that the person organising the trip has been informed of the lack of guaranteed editorial coverage.

TF1 regularly sends embedded journalists (those incorporated into the armed forces on the ground) with French and foreign forces, without, however, cutting itself off from other sources, because this offers a way to get physically closer to war zones. The journalist is rarely the only special correspondent on the ground. TF1 also endeavours to cover stories without any army assistance. In any case, the practice of embedding is announced when the news coverage is broadcast.

TREATMENT OF HUMAN INTEREST STORIES, PREVENTION OF UPSETTING IMAGES

TF1 does not cover human interest stories unless they link to a wider social issue. The Editorial team endeavours to gauge this aspect by reading dispatches and conducting preliminary investigations, using specialist reporters.

One of the Editorial Division's principles is to avoid showing gratuitous violent images. If a story may be difficult to watch, the presenter will warn viewers, saying that "some of the following issues may be upsetting". Sources are always given for images. Also, images are never modified, except to add graphics. Sometimes, on some potentially shocking images, the chief editor asks for scenes to be blurred.

QUALITY OF IMAGE SOURCES, AMATEUR VIDEO

The Editorial team pays very close attention to the quality of image sources, and the use of home videos is banned unless the source can be properly verified. When such material (which may be cropped and mounted) is used, the words "Home Video" are displayed and, if necessary, the date when the video was shot will be shown. These videos are paid for according to the type of event, the quality and the duration of the sequence used. TF1 has established a scale that takes into account the event, video quality and duration.

STATUS OF GROUP JOURNALISTS' BLOGS

If a journalist writes in the name of the channel, the Editorial Division considers that his or her contributions to blogs or social networks create exposure to personal and corporate liability. The rules that apply on air also apply to blogs. Any failure to act impartially will not be tolerated any more than it would be on the channel, and penalties are possible.

UNDERCOVERWORK

The Editorial team considers that it is the duty of journalists to report what goes on even in closed countries. Outside war zones, experienced journalists from TF1's Investigations unit may work undercover if the subject justifies it, usually for social or economic subjects.

TRAINING PERSONNEL ON MEETING THEIR OBLIGATIONS

Legal and Regulatory Affairs organises regular training and interventions on legal aspects for all staff members involved in preparing reports for TF1 and LCI televised news broadcasts. Participants are reminded of the laws that apply to them in their role as news providers. In addition to the rights of the press and copyright, the seminars also discuss CSA rules and oversight.

LCI SWITCHES OVER TO UNENCRYPTED DTT

On 17 December 2015, the CSA authorised LCI to switch over to unencrypted DTT on channel 26 with effect from 5 April 2016.

The move from Pay-TV to unencrypted was accompanied by a certain number of obligations for LCI. These are detailed in an addendum to the agreement between the channel and the CSA, signed on 17 February 2016. Under the terms of the addendum, LCI agreed that – unless a major event occurs – newscasts and headlines will not exceed 30% of total broadcasting time and that at least 30% of its programming will consist of special news magazine shows covering different topics (e.g. the economy, politics, culture, diversity of French society, etc.). LCI also must broadcast a weekly news programme for children and young adults and a news programme with audio description for the blind and partially sighted. Lastly, LCI has pledged that at least 30% of presenters will be women, eventually with a view to achieving parity.

7.3.11 PROGRAMME ACCESSIBILITY

As a leading family-oriented channel, TF1 is duty bound to ensure that its programmes are accessible to everyone, particularly people with impaired hearing or vision.

SUBTITLING

Since September 2010 all TF1 programmes have been subtitled, in accordance with the Act of February 2005. In the case of news programmes, a special system has been introduced to deliver quick service combined with excellent quality when transcribing news item commentaries or what the journalist is saying in the studio. The system operates using a team of three people and voice recognition software. On 12 December 2011, TF1 signed the CSA's Charter on Subtitling Quality.

The Group's theme channels go beyond their subtitling obligations.

INDICATOR: COMPLIANCE WITH SUBTITLING OBLIGATIONS BY GROUP CHANNELS

Channel	2017 obligation	2017 actual	2016 actual
TF1	100%	100%	100%
TMC	100%	100%	100%
TFX (formerly NT1)	60%	79%	86%
TF1 Séries Films (formerly HD1)	40%	88%	66%
Ushuaïa TV	10%	28%	34%
Histoire	10%	31%	43%
TV Breizh	20%	77%	62%
LCI	3 daily newscasts between 2pm and 8pm	3 daily newscasts between 2pm and 8pm	3 daily newscasts during the week and 4 daily newscasts at weekends and on public holidays From 1 March: 3 daily newscasts

CONCERNING FRENCH SIGN LANGUAGE

Channel	2017 obligation	2017 actual	2016 actual
LCI	1 daily newscast at 8pm	1 daily newscast at 8pm	1 daily newscast during the week at 8pm From 1 March: 1 daily newscast at 8pm

Although these obligations do not apply to advertising slots, in response to a request from some advertisers, the channel broadcasts their commercials with closed captioning for the hearing-impaired.

AUDIO DESCRIPTION

To serve the one million people in France suffering from impaired vision, TF1 offers programmes with audio description, a technique developed by the Valentin Haüy charity for the blind and visually impaired that allows people to "see" what is going on through an audio description of the action and setting.

INDICATOR: COMPLIANCE WITH AUDIO DESCRIPTION OBLIGATIONS ON THE CHANNELS TF1, TMC, TF1 SERIES FILMS AND LCI

Channel	2017 obligation	2017 actual	2016 actual
TF1	100 programmes, 55 of which are new	134 audio-described programmes, including audio description for 69 new programmes on TF1	159 audio-described programmes, including audio description for 57 new programmes on TF1
TMC	22 new programmes	29 new programmes with audio description on TMC	21 new programmes with audio description on TMC
TF1 Séries Films	12 new programmes	30 new programmes with audio description on TF1 Séries Films	17 new programmes with audio description on TF1 Séries Films
LCI	1 audio-described news programme per week	1 audio-described news programme per week	From 5 April: 1 audio-described news programme per week

7.3.12 PROTECTION OF YOUNG VIEWERS

RATING INFORMATION FOR YOUNG VIEWERS AND YOUTH PROGRAMMES

Since 2002 terrestrial television channels have been required to display content rating signage during all non-advertising programmes that are not recommended for general viewing. Each channel is responsible for introducing the signage system and informs the CSA of its composition but remains solely responsible for rating decisions. The signage provides practical information about age appropriateness for each of the five categories (general, -10, -12, -16, -18). The TF1 channel does not broadcast any -18 rated programmes.

The Viewing Committee set up by TF1 brings together the heads of broadcasting, programming, programme compliance, acquisitions and youth programming.

To see all the child protection commitments made by TF1, read the requirements for applying the CSA's content rating signage system at http://www.csa.fr/infos/controle/television_signaletique_C.php.

A PSYCHOLOGIST FOR TFOU'S YOUTH PROGRAMMES

Over the last ten years, a child psychologist has viewed all the youth series purchased and works upstream in close cooperation with the artistic team on series co-produced by the channel. He or she suggests cuts or sometimes rates episodes as being unfit for broadcast, when he or she considers the images inappropriate for children. These recommendations are always followed.

7.3.13 PROMOTING DIVERSITY

The TF1 company fights against stereotypes and seeks to broadly represent diversities in civil society, as do the channels, with all of the players involved in these issues and free of any competitive spirit. To underscore and publicise this commitment, TF1 group applied to renew its diversity label in March 2017. Its application was granted in July 2017.

The CSR Director liaises with the Disability and Diversity unit and with representatives from the different programme units to articulate the actions and initiatives of TF1 group on diversity and relay this policy to government agencies, opinion leaders and civil society, in association with the Corporate Communication Divisions.

TF1 group strives to reflect the diversity of the whole of society on its channels and websites, without stereotyping or omissions. Quantified commitments are sent to the regulator each year. A letter is sent each year to the producers of TF1 magazine, game, entertainment and reality TV shows to raise awareness of the issue of diversity within the programmes they make for the channel. All employees responsible for programme production attend special training on taking account of diversity in all its aspects.

Together with the News Division, two studies on TV news were carried out in 2016 based on a robust, transparent and reproducible methodology: an internal study on the role of women, and a study by the French research centre for the study and observation of living standards (CREDOC) on the representation of ethnic minorities. The results of these studies showed that women were significantly underrepresented, which led to a three-part action plan in 2017:

- a training plan for news contributors (journalists, researchers, editors);
- a partnership with the organisation Vox Femina and its competition "Femmes en Vue" to increase the number of female experts invited on to programmes. TF1 group hosts a media training day for the 24 winners;
- an annual female experts' day, with workshops and meetings with the Editorial Team.

TF1 won an award for its action plan at the 2017 French CSR Awards.

The French Drama Unit has produced high-quality programmes designed to nudge viewers towards a greater acceptance of difference: the series "Louise", in which the lead character is transgender, and the one-off drama *Mentions Particulières*, tackling the subject of Down's syndrome, were extremely well received by audiences and were praised by the organisations concerned.

The Children's Programmes Unit, in association with the SACD[1], holds an annual competition with a social theme for young people studying animation. The theme of the 2017 competition was "listen to your heart, not rumours", to encourage young viewers aged 6 to 10 to think for themselves. The winning entry was chosen in December 2017. TF1 group and the SACD will jointly donate €15,000 towards financing the film, which went into production in January 2018.

TF1 group conveys this conviction internally, advocating open and respectful relationships between employees and rejecting any discriminatory practices or attitudes (see Section 7.1.8).

In the outside world, the Group supports learning projects, the professional integration of young people and the various innovative schemes delivered by the TF1 Foundation or by supporting non-profit partners.

7.3.14 COMPLIANCE AND ETHICS IN ADVERTISING

RELATIONS WITH ADVERTISERS

TF1 Publicité provides its clients and partners with a website, www.tf1pub.fr, containing General Terms and Conditions of Sales (GTCS), a newsletter, the latest news in the sector and numerous proposals for innovation in the field of advertising.

The GTCS are presented every year, 15 days before their official publication, to the Advertisers' Union, to shed light on the major principles underpinning campaigns in the coming year. The GTCS are then presented to media agencies.

Even if the media agency handles the budget of the advertiser and remains a day-to-day partner of TF1 Publicité, each of the advertisers is accorded at least one presentation meeting a year by the sales staff. To strengthen this direct contact, TF1 Publicité decided in late 2013 to set up a sales team dedicated to advertisers. This preferred contact exists at sales, division and Chairman level. An event reserved for advertisers is organised for the presentation of the programme grid.

A satisfaction survey is carried out every year with advertisers and used as a means of improving relations with TF1 Publicité.

In contrast to received wisdom, TF1 is affordable to all and particularly to small and medium-sized businesses, for which TF1 is an undisputed development booster.

COMPLIANCE WITH REGULATIONS

Advertising messages broadcast on Group channels are subject to General Regulations, sector co-regulation *via* the ARPP, and CSA opinions. These advertising regulations and compliance rules apply to all advertising messages, whatever the medium and broadcasting format. Since 1 January 2012, TF1 has applied the ARPP ruling. This seeks to extend the commitments that the channel made to the CSA in 1990 to include advertising messages on the Group's on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, MYTF1 smartphone apps) through advance filing with the ARPP and internal viewing of advertising messages.

The prior opinion of the ARPP is always taken into account before broadcasting advertisements on television or on-demand audiovisual media services (ODAMS). TF1 Publicité's Programming and Broadcasting Division, assisted where required by the Legal Affairs Division, views or listens to every TV, radio or internet advertising message before it goes out.

TF1 Publicité's advertising airtime sales agency may refuse a message, even if the ARPP has approved it, or impose special broadcasting conditions if the message does not seem appropriate for the editorial line of the media on which it is to be aired, and particularly for TF1's family audience. In this case, a letter is sent to the person, advertiser or PR agency that created the message. A solution is sought to adjust the

(1) SACD: Society of Authors and Composers of Dramatic Works

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message or its time slot to fit the editorial line of the medium. If no solution can be found, the message does not go out. The general terms and conditions of sales address such situations.

TF1 Publicité is represented on the ARPP Board of Directors and in the main joint negotiating organisations (Syndicat National de la Publicité Télévisée, Centre d'étude des supports de Publicité, EDI Pub). The Group thus plays a part in building the ethical and compliance framework for the industry.

7.3.15 ISSUES IN DIGITAL MEDIA

REGULATORY FRAMEWORK

REGULATION OF ONLINE PUBLIC COMMUNICATION SERVICES

For its digital audiovisual services (mainly MYTF1 websites and apps), TF1 group is subject to regulation of on-demand audiovisual services (see "Audiovisual regulations applying to ODAMS" below) and, as such, is also subject to CSA regulation. Where these services do not correspond with the legal definition of on-demand audiovisual services (for example, MYTF1News or WAT), the Group is subject mainly to the Act of 21 June 2004 on confidence in the digital economy and to all provisions of the French Consumer Code. In all cases, the Group is also required to comply with the Act of 29 July 1881 on the freedom of the press (notably the ban on defamatory and offensive material and the vindication or negation of crimes against humanity), as well as, for all media, the regulations arising from the French Data Protection Act of 6 January 1978 and the ruling of 5 December 2013 on cookies and is therefore regulated by the CNIL. The regulations on cookies are aimed at ensuring transparency with users as to the number of cookies stored on users' computers and the reasons for these, and in particular at countering "targeted" advertising.

With regard to the digital content hosting site WAT, as host, it is not responsible for content uploaded by users, but is subject to a certain number of obligations (storage of IP addresses and other technical data, icon enabling users to report inappropriate content, reporting of "hate" content to the authorities, prompt removal of reported content).

AUDIOVISUAL REGULATIONS APPLYING TO ODAMS

Following the Act of 5 March 2009, the implementing orders of 2 July 2010 and 12 November 2010, and the CSA's ruling of 14 December 2010, TF1 group must comply with regulations on ODAMS for all its non-linear services under the meaning of the corresponding legal definition, irrespective of the media used (be it a PC, TV, smartphone, tablet or game console), as well as all non-linear services (such as catch-up TV) offered by the Group's channels. This regulation leads to obligations in terms of (i) the contribution to the production of European and French-speaking film and audiovisual works (for example, financing web series), (ii) exposure to European and French-speaking film and audiovisual works, (iii) advertising and sponsorship, (iv) the protection of young viewers (CSA signage on all programmes concerned and trusted zone listing programmes for general viewing) and (v) compliance.

THE FIGHT AGAINST PIRACY AND THE PROTECTION OF COPYRIGHT

TF1 group is committed to tackling piracy and carries out various actions and initiatives in this area.

It has had an anti-piracy intelligence unit since 2007. This unit monitors and analyses the methods of delivery – without permission from rights holders – of audiovisual and cinematographic content on the Internet, and works with government agencies (Alpa, CNC, law enforcement, HADOPI, CSPLA, etc.) and bodies responsible for enforcing French and European intellectual property laws.

The unit uses special software to remove illegal content from sharing platforms and social media on a daily basis, in accordance with Act no. 2004-575 of 21 June 2004 on building confidence in the digital economy.

The unit also raises awareness among key players – not only platforms, but also rights holders – so that they implement the most effective protection tools. TF1 strongly supports the deployment of automated content recognition technology (fingerprint technology). This allows rights holders to generate fingerprints on their programmes (unique computer DNA for each content), which are then sent to video-sharing platforms to prevent the uploading of content (content uploaded illegally is recognised by the software and automatically filtered and blocked). To protect its content, TF1 uses technology developed by the French National Audiovisual Institute (Signature) for Dailymotion, and Google (Content ID) for YouTube.

On DDL (Direct DownLoad) and streaming sites, TF1 uses a specialist service provider for the detection and removal of illegal links relating to programmes on which TF1 group has exclusive rights and which are particularly prone to piracy (mainly films, drama and US series). Several million links to pirated content are removed each year by robots which constantly crawl these sites.

At the same time, TF1 is continuing its efforts to raise awareness among content producers so that they start using fingerprints to protect their content in the digital world as soon as possible.

Politically, both at the national and European levels, TF1 actively lobbies for the protection of copyright and the overall system of creation financing. The initiative sponsored by the European Commission (Proposal for a Directive on Copyright in the Digital Single Market) requiring websites and social media that allow video-sharing to provide right holders with filtering tools would be a step in the right direction towards wider protection of intellectual property rights.

PROTECTION OF PERSONAL DATA AND USERS' DATA

ACTIONS OF THE SOCIAL AFFAIRS DIVISION

Various actions will be pursued under the data protection plan, including the signing of a confidentiality agreement for employees who have access to personal data.

ACTIONS OF THE LEGAL AFFAIRS DIVISION

To comply with the Global Data Protection Regulation (GDPR), in October 2016 TF1 set up a working group composed of employees from the Legal Affairs Division, the Innovation & Digital Division and TF1 group business lines. The working group has the task of anticipating the technical and organisational measures to be put in place before the regulation takes effect on 25 May 2018. In February 2017, an awareness-raising session on data protection was held for all TF1 group employees. Between March and June 2017, the working group conducted personal data interviews with the different business lines of TF1 and its subsidiaries. These interviews were used to gather the necessary information to (i) create a record of processing activities, which will be compulsory from 25 May 2018, and (ii) benchmark our practices against current regulations, as well as the GDPR. Based on the processing activities identified, the working group is in the process of preparing legal/operational recommendations for each business line. The recommendations will have to take into account future changes in French legislation, such as the revised Data Protection Act and the e-Privacy Regulation, as well as the guidelines issued by the French data protection authority (CNIL).

PROTECTION OF PERSONAL DATA AND USERS' DATA

GENERAL DATA SECURITY POLICY

In 2007, TF1 group introduced a data security policy (revised in July 2016) to revisit the issue of data security within TF1 group in the light of the new threat of cyber attacks (e.g. Sony Pictures, TV5). The document, the foundation of security within TF1 group, defines the framework for all actions in terms of security governance, including the scope of application, the role of each player, the bodies involved and performance indicators.

On the protection of employees' data, the policy states:

- that it is the duty of information system administrators not to read the personal data of employees;
- that the information present in the information system must be classified with a confidentiality criterion that expresses the personal nature of the information;
- that within business lines and subsidiaries, the owner of the information is always identified. He or she must ensure the legal compliance of processing, by contacting the Social Affairs Division, particularly when handling personal data (statements to be filed with the French data-protection authority, CNIL);
- that each new sensitive application undergoes a security audit/intrusion test, commissioned by TF1, or is ISO 27001 certified if used in the cloud, e.g. "Positive Careers", the HR information system solution of TF1 group (SAP Success Factors).

ADDITIONAL DATA SECURITY PROCESSES

The following processes supplement the data security policy:

- reinforcing encryption techniques: sensitive shared resources (particularly for HR), certain USB sticks and emails for the staff concerned.

  Hard disks containing confidential or inside information, particularly those belonging to HR staff, are now fully encrypted. Around 30% of PCs are encrypted; this will increase to 100% after the planned rollout of Windows 10 in 2018/2019;
- continued efforts to educate staff on cybersecurity with a phishing exercise aimed at all TF1 employees, notification of the results and sharing of best practice on the corporate intranet, with an awareness-raising video and memo from a member of the Senior Management Committee;
- creation of a Security Operations Centre (SOC) in October 2016 to monitor IT security. The SOC significantly increases our ability to detect security incidents and cyber attacks;
- introduction in July 2016 of a cloud directive for selecting IT solutions, with the requirement for subcontractors to be ISO 27001 compliant if handling personal data.

PROTECTION OF USERS' DATA

Digital services of e-TF1

The sites and apps published by e-TF1 are compliant with all legal provisions available on the CNIL website at: http://www.cnil.fr/. e-TF1 works closely with the CNIL when publishing data protection statements or updating existing statements. The privacy policy is available online on all digital assets and must be specifically accepted when registering. e-TF1 regularly checks that the recommendation on cookies and other web trackers contained in Article 32-II of the Act of 6 January 1978 (the "resolution") has been applied. For example, it carries out technical audits of cookies and web trackers stored when visiting electronic communication services produced by e-TF1 (web/mobile sites and apps) with a view to ensuring compliance. Similarly, in the contracts signed with its technology partners, publishers and advertisers, e-TF1 strives to enforce compliance with regulations on the protection of users' personal data. The online communication services (websites) developed by e-TF1 are now covered by a cookie policy. In addition, e-TF1 has introduced technical devices allowing users to disable third-party cookies directly.

Behavioural advertising

TF1 Publicité sells behavioural advertising (advertising whose content depends on users' browsing behaviour and interests) on MYTF1 across all formats.

a) Users:

TF1 Publicité and e-TF1, publisher of MYTF1, guarantee respect for users' rights in accordance with the provisions of the French Data Protection Act by various appropriate means:

- privacy policy available online on all MYTF1 media;
- signing by TF1 Publicité in February 2013 of the IAB Europe European Charter on online behavioural advertising, laying down best practices in this area;
- banner informing users that by continuing to browse the MYTF1 website, they accept that cookies will be used to offer them services tailored to their interests, with a link to their cookie settings;
- signing in September 2013 of a licensing agreement with the EDAA (European Interactive Digital Advertising Alliance) enabling TF1 Publicité to add the interactive icon "choose advert" on any behavioural advertising, which links to a page where the user can choose whether or not to receive this type of advertising.

Under this agreement, TF1 Publicité is subject to an annual audit by an outside body accredited by the EDAA, with a view to being certified as compliant with the best practices laid down in the IAB Europe Charter, based on the following criteria:

- prior information given to users on privacy and the privacy policy;
- option for users to decide whether their data may be collected for behavioural advertising purposes;
- assurances regarding the security, backup and storage of the data collected;
- ban on targeting children or using "sensitive" segments (based on criteria such as ethnic origin, political, religious or philosophical views or sexual orientation);
- handling of complaints from users about behavioural advertising.

TF1 Publicité became certified in September 2016. This is currently being renewed, in accordance with the commitment made under the licensing agreement with the EDAA.

b) Contracts:

TF1 Publicité has also committed to choosing technical providers who in turn are signatories of the IAB Europe Charter, to ensure the correct application of regulatory constraints regardless of the company sending the cookies.

More specifically, the contracts of the sub-department guarantee that both the advertiser and the sub-department have included in their respective media, in a special area separate from the General Terms and Conditions of Use, clear and unequivocal information for users on:

- the collection of information regarding their browsing behaviour from their connected computer and, to that end, the use of cookies;
- the use of said information for advertising purposes and in particular the sending of targeted advertising by the advertiser and/or the sub-department;
- their right to refuse the use of cookies by indicating several procedures to that effect, the period of time over which collection may be stored and the consequences of such refusal on the use of the services proposed on the type of media concerned.

The sub-department guarantees that the use of cookies does not involve the collection of personal data according to prevailing regulation, including the IP address of the computer *via* which the user is connected.

In its 2018 General Terms and Conditions of Sale relating to Digital Media, TF1 Publicité sought to reinforce its position on unauthorised third-party cookies.

The aim is to have more control over advertising cookies that are downloaded, and to make advertisers behave more responsibly. The Digital Terms and Conditions of Sale, which apply to all digital advertising campaigns belonging to a particular advertiser, include the following commitments:

- the provision of specific information on the proposed cookie and its purpose, so that TF1 Publicité can block it if necessary;
- the destruction of all data obtained from the cookie and/or from the processing of cookies and other trackers within one (1) month following the end of the advertising campaign concerned;
- compliance with security and confidentiality requirements, as well as storing the data and cookies within the European Union;
- a ban on sending cookies and trackers designed to populate the data management platform of the advertiser and/or of its agent and/or of any third party, or any database in general.

In addition, TF1 Publicité reserves the right to monitor the advertiser's compliance with its obligations, either using tools or technology, or by requesting the relevant documentary evidence.

The 2018 Digital General Terms and Conditions of Sale also include penalties in the event of an infringement by the advertiser (e.g. suspension or cancellation of the campaign, immediate deletion of data, ban on any future campaigns, etc.).

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GENERAL MEETING

8.1 AGENDA

ORDINARY BUSINESS

- Approval of the individual financial statements and transactions for the 2017 financial year.
- Approval of the consolidated financial statements and transactions for the 2017 financial year.
- Approval of the related-party agreements stipulated in Article L. 225-38 of the French Commercial Code.
- Appropriation of profits for the 2017 financial year and setting the amount of the dividend.
- Approval of the components of remuneration and benefits paid or granted for the 2017 financial year to Gilles Pélisson as Chairman and Chief Executive Officer.
- Remuneration policy for the Chairman and Chief Executive Officer: approval of the principles and criteria for determining, distributing and granting components of the remuneration and benefits attributable to Gilles Pélisson.
- Re-election of Laurence Danon Arnaud as Director for a three-year term.
- Re-election of Martin Bouygues as Director for a three-year term.
- Re-election of the company Bouygues as Director for a three-year term.
- Acknowledgement of the election of Directors representing the staff for a two-year term.
- Authorisation given to the Board of Directors to buy back the company's shares for an 18-month period, subject to a maximum of 10% of the share capital.

EXTRAORDINARY BUSINESS

- Authorisation given to the Board of Directors to reduce the share capital by cancelling the company's own shares that it holds, subject to a maximum of 10% of the share capital in each 24-month period.
- Removal of the requirement to appoint alternate auditors – amendment of Article 18 of the Articles of Association.
- Removal of obsolete references contained in the Articles of Association relating to the staggered terms of office for Directors not representing staff - and to the first financial year – corresponding amendment of Articles 10 and 25 of the Articles of Association.
- Authorisation to carry out formalities.

8.2 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

GENERAL MEETING – ORDINARY BUSINESS

RESOLUTIONS 1 AND 2 – APPROVAL OF THE 2017 FINANCIAL STATEMENTS

SUBJECT AND PURPOSE

In the **1st and 2nd resolutions** submitted to you for approval, we propose that you approve the individual and consolidated financial statements for 2017.

The activity of TF1 and its group during the year just ended, their position and results are included in chapters 1 and 3 of the present document. The individual and consolidated financial statements are included in chapter 4. Your Statutory Auditors will present their reports for the 2017 financial statements. These reports are included in chapter 5.

RESOLUTION 3 – APPROVAL OF RELATED-PARTY AGREEMENTS

SUBJECT AND PURPOSE

The purpose of the **3rd resolution** is to approve the related-party transactions mentioned in the Statutory Auditors' special report, authorised by the Board of Directors and concluded in 2017 between TF1 and its Manager or one of its Directors, or between TF1 and another company with which it has managers or Directors in common, or between TF1 and a shareholder owning more than 10% of the share capital.

The French Government states that "related-party transactions" are to prevent any conflicts of interest.

By law, these related-party transactions are, before their conclusion, submitted for the prior approval of the Board of Directors, which considers the benefit to TF1 and its Group and the corresponding financial terms and conditions. The Directors concerned do not take part in the vote.

In their special report in chapter 5 of the present document, your Statutory Auditors present a detailed list of these related-party transactions, their corresponding financial terms and conditions and the amounts invoiced in 2017. The related-party transactions referred to in the special report which have already been approved by the General Meeting are not re-submitted for approval. Moreover, agreements relating to routine transactions carried out under conventional terms and conditions and agreements between TF1 and its wholly owned subsidiaries are not submitted for authorisation.

You are hereby asked to approve, having considered the present report and the Statutory Auditors' special report, the following related-party transactions:

Corporate Services Agreement with Bouygues

Authorisation and financial conditions

In its Meeting on 30 October 2017, the TF1 Board of Directors authorised the renewal of this agreement, for one year beginning 1 January 2018.

The agreement establishes rules for the division and invoicing of the costs of the corporate services among the different companies using them. The specific services provided at TF1's request are invoiced directly to TF1 according to the normal conditions of sale (at market price). The residual amount of the costs of the Corporate Services is reinvoiced to TF1 according to distribution keys. The invoice is limited to a percentage of revenue.

In 2017, Bouygues invoiced TF1 a total of €3.4 million, equivalent to 0.16% of the TF1 group's total revenues (compared with €3.16 million in 2016, or 0.15% of revenues).

Parties concerned

- Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors); Philippe Marien (Permanent representative of Bouygues);
- Bouygues is a shareholder.

Interest

This agreement allows TF1 to benefit from expert services and coordination services which Bouygues makes available to the different companies within its group, in different areas.

Expertise

Bouygues offers TF1 its expertise in different areas such as finance, legal, human resources, insurance, sustainable development, sponsorship, new technologies and general advice.

TF1 may decide to use these services in response to issues as they arise under the terms of this agreement, which is approved annually by the Board of Directors. TF1 may avail itself of these services at any time to discuss an issue where its in-house expertise is limited.

In 2017, TF1 benefited from a service provision and holdings management agreement signed between Bouygues and TF1. TF1 can benefit from the expertise developed by Bouygues *via* Bouygues Développement, a wholly owned Bouygues subsidiary dedicated to open innovation.

Facilitation of the corporate functions

Besides advice and assistance, services include coordination of corporate functions, in particular the setting up of meetings where staff in a particular function (e.g. cash management) can exchange views, discuss technical issues and familiarise themselves with new developments.

Examples of these types of services in 2017 included:

- human resources: a number of TF1 group senior executives received training in Bouygues group techniques and values at the Bouygues Management Institute. Newly hired employees in the TF1 group took part in a Welcome Day organised by the Bouygues Group. In addition, the TF1 group Management Committee participated in the four annual Board Meetings of the Bouygues Group. Bouygues also brought together Human Resources experts from various areas in the Group (e.g. Employee Affairs, Training, School Relations) for discussions. The Legal Affairs Department held a training session on current legal issues for TF1's HR Directors and managers. Also, the TF1 Human Relations and Organisation Department was given access to the Bouygues HR data query system;
- internal control: the TF1 group receives support from Bouygues concerning internal control and risk management tools and methodologies.

During 2017, this support took the following forms:

  - updating of the internal control principles used in relation to:
    - information systems,
    - investments in external growth,
    - fight against corruption,
    - compliance with competition law,
    - trade embargos and export restrictions,
    - promotion of ethics within the Group;
  - appointment of a working group on the new version of the Group's internal control system (MAP-RVR), including the expected changes in functionalities;
  - continuation in 2017 of Meetings organised and led by Bouygues at which representatives of the businesses could:
    - share knowledge of external benchmarks in relation to internal control and risk mapping to assess Group methods and compare these with other companies' practices,
    - share information on regulatory changes, particularly in relation to the French law on due diligence and the Sapin II Act on transparency, anti-corruption and the modernisation of the economy;
- CSR (Corporate Social Responsibility): TF1 group's CSR coordinator and other staff in charge of CSR activities in their departments draw support from initiatives implemented by the Bouygues group's division in charge of sustainable development;
- Information Systems Division: The TF1 group Information Systems Division benefits from synergies with Bouygues group divisions, thanks to active coordination by Bouygues. As a result, TF1 belongs to a virus-warning network and enjoys more general benefits such as IT security and global purchasing for IT hardware and software.

Lastly, in 2017 the Bouygues group, as a majority shareholder, regularly offered its support formally and/or informally in dealing with operational issues, notably in the legal and financial areas. For example, meetings on upcoming changes in accounting standards and their impacts.

Supplementary retirement pension granted to Gilles Pélisson, Chairman and Chief Executive Officer

Authorisation and financial conditions

The TF1 Board of Directors meeting of 30 October 2017 authorised the renewal, as of 1 January 2018, and for a period of one year, of the defined benefit pension scheme granted to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, employee of BOUYGUES and member of the BOUYGUES General Management Committee, by BOUYGUES and the reinvoicing of the share of the premium paid to the insurance company by BOUYGUES.

The vesting of Gilles Pélisson's annual supplementary pension rights will be subject to TF1 performance conditions on which he will have had an impact; these performance conditions are linked to attaining an average consolidated net profit objective in relation to the annual budget:

- for the 2017 financial year, based on the 2016 and 2017 annual budgets;
- for the 2018 financial year, based on the 2016, 2017 and 2018 annual budgets;
- for later financial years, based on annual budget for the financial year, as well as those of the two previous financial years.

Depending on the achievement of the consolidated net profit objective, the rights to the supplementary pension will range between 0% and a maximum of 0.92% of the reference salary. The supplementary annual pension is capped at eight times the annual social security ceiling (equal to €317,856 in 2018). Beneficiaries become entitled to this supplementary pension only after ten years of service with the Bouygues group.

In respect of the 2017 financial year, the amount invoiced by BOUYGUES came to €443,088 excluding tax (including the 24% tax paid to the URSSAF).

Parties concerned

- Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), Philippe Marien (permanent representative of BOUYGUES, Director), as well as Gilles Pélisson.
- Bouygues is a shareholder.

Benefit of this agreement for TF1

This agreement is intended to enable Bouygues to retain the members of its General Management Committee, one of whom is Gilles Pélisson. TF1 also benefits from the negotiations in the Bouygues group between Bouygues and the senior executives in its businesses.

Services contracts (open innovation)

Authorisation and financial conditions

During its 30 October 2017 Meeting, the Board of Directors authorised the renewal, for a period of one year starting on 1 January 2018, of the services contract signed with Bouygues.

Providing advice is an integral part of Bouygues' corporate services and this service is directly invoiced through the corporate services agreement for the appropriate share of the residual amount of the corporate services expenses. As compensation for management services, TF1 pays to Bouygues, on *a prorated basis*, a monthly fixed remuneration of €750 excluding VAT through participation in a managed innovation company.

No amount was invoiced in 2017.

Parties concerned

- Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors); Philippe Marien (Permanent representative of Bouygues, Director);
- Bouygues is a shareholder.

Interest

This agreement defines the terms and conditions for the execution and the remuneration of the services provided by Bouygues, whether directly or through the intermediary of its wholly owned subsidiary Bouygues Développement, to TF1 in the field of open innovation.

The activity covering the management of TF1 equity interests in innovation companies is set up to manage these equity interests once the acquisition has been finalised. In particular, the services include monitoring of the investments held by TF1, and regular reporting to TF1 on projects discussed and decisions made by the aforementioned bodies.

Provision of offices with the Economic Interest Group (GIE) "32 Avenue Hoche"

Authorisation and financial conditions

In its Meeting on 30 October 2017, the Board of Directors approved the renewal for a period of one year, starting 1 January 2018, of the agreement for the provision of offices on the first floor of the building at 32, avenue Hoche.

Financial conditions: the remuneration for the GIE in 2017 totalled €14,910 (excluding VAT).

Parties concerned

- Martin Bouygues, Olivier Bouygues, and Olivier Roussat (Directors); Philippe Marien (Permanent representative of Bouygues, Director);
- Bouygues is a shareholder.

Interest

Under this agreement, the GIE "32 avenue Hoche" provides TF1 with offices for the reception of visitors and meeting rooms located in central Paris as well as related services for receiving visitors, computer facilities and secretarial services.

For the use of aircraft held by AirBy

Authorisation and financial conditions

In its Meeting on 30 October 2017, the Board of Directors approved the renewal of the agreement entitling TF1 to use aircraft leased or owned by the Bouygues group and operated by AirBy, with the airplane and all related services included in the cost.

Use of a Global 5,000 business jet is charged at a flat rate of €7,000 (excluding VAT) per flight hour, which includes the aircraft and all related services (pilot, fuel, etc.) provided during its use. When the aircraft provided by AirBy is leased, the cost is the leasing cost plus €1,000 excluding VAT for the chartering service provided by AirBy to TF1. This amount is invoiced each time such an aircraft is provided.

No amount was invoiced in 2017.

TF1 has not used this facility since 2009.

Parties concerned

- Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors); Philippe Marien (Permanent representative of Bouygues, Director);
- Bouygues is a shareholder.

Interest

This agreement offers TF1 the use of aircraft operated by AirBy, a company owned indirectly by Bouygues and SCDM. TF1 is entitled to use AirBy's Global 5000 or an equivalent aircraft.

RESOLUTION 4 – ALLOCATION OF PROFITS FOR 2017 FINANCIAL YEAR AND SETTING OF THE DIVIDEND (€0.35 PER SHARE)

SUBJECT AND PURPOSE

In the 4th **resolution**, having noted the existence of distributable profits of €616,579,160.25, comprising net profit for the period of €131,630,699.89 and retained earnings of €484,948,460.36, we ask you to appropriate this sum as follows:

- distribution of a cash dividend of €73,453,009.70 (*i.e.* a dividend of €0.35 per share with a par value of €0.20);
- the balance of €543,126,150.55 to be carried forward as retained earnings.

The dividend ex-date for the Euronext Paris market shall be 30 April 2018. The cut-off date for positions qualifying for payment shall be 2 May 2018. The dividend shall be paid in cash on 3 May 2018.

This dividend is eligible for the 40% tax rebate mentioned Article 158.3.2 of the French General Tax Code.

We also ask for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Dividend per share*
31/12/2014	€1.50
31/12/2015	€0.80
31/12/2016	€0.28

* *Eligible for the 40% tax relief available to individuals tax-resident in France under Article 158.3.2 of the French General Tax Code.*

RESOLUTION 5 – APPROVAL OF THE COMPONENTS OF REMUNERATION AND BENEFITS PAID OR GRANTED FOR THE 2017 FINANCIAL YEAR TO GILLES PÉLISSON AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the 5th resolution, we invite you to approve the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or granted for the year ended 31 December 2017 to Gilles Pélisson as Chairman and Chief Executive Officer, as outlined in Section 2.3 of this document.

RESOLUTION 6 – APPROVAL OF THE REMUNERATION PACKAGE ATTRIBUTABLE TO GILLES PÉLISSON IN RELATION TO HIS TERM OF OFFICE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the 6th resolution, we invite you to approve the remuneration package, the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and the benefits of any kind attributable to Gilles Pélisson in relation to his term of office as Chairman and Chief Executive Officer, as outlined in Section 2.4 of the present document.

RESOLUTIONS 7 TO 10 – TERMS OF OFFICE OF DIRECTORS

The Directors' CVs can be found in Section 2.1.3.

SUBJECT AND PURPOSE

In the **7th, 8th and 9th resolutions**, we submit for your approval the re-election of Laurence Danon Arnaud, Martin Bouygues and the company Bouygues for a three-year term, given that their current term of office expires at the end of the General Meeting on 19 April 2018.

At its Meeting of 15 February 2018, the Board of Directors reviewed the terms of office of Directors that were expiring at the next General Meeting, taking into account the expertise of current Directors and the need to maintain the same level of independent Directors and women. The Board of Directors paid particular attention to the Directors' experience and knowledge of the Group's businesses required for their effective participation in the work of the Board and its four committees.

Your Board of Directors first obtained the opinion of the Selection Committee, who judged that these three Directors provide their experience, and understanding of the issues and risks of the TF1 group's activities in carrying out their work for the Board. Moreover, it concluded that Laurence Danon Arnaud would continue to not have any business dealings with the TF1 group and that she would continue in her role as an Independent Director pursuant to all of the criteria defined in the AFEP/MEDEF Code.

A Director of TF1 since July 2010 and Chair of the Audit Committee since April 2013, Laurence Danon Arnaud is a French businesswoman who also brings to the Board her recognised expertise in financial and accounting matters.

A member of the Board of Directors since 1987, Martin Bouygues brings to the Board his knowledge and experience both in France and abroad of the media, the audiovisual environment and industry.

If re-elected, Bouygues intends to retain Philippe Marien as its permanent representative on TF1's Board of Directors. Philip Marien, a member of the Audit Committee since February 2008 and member of the Remuneration Committee since July 2010, brings to the Board his recognised expertise and experience in financial and accounting matters.

The Board of Directors, following the opinion of the Selection Committee, considers these Directors to be active members of the Board; their contribution is valued and their knowledge and expertise of the media and the French audiovisual environment assists the Board in its work.

In addition, the Board of Directors proposes to re-elect Laurence Danon Arnaud, Martin Bouygues and the company Bouygues for a three-year term, or until the General Meeting called in 2021 to approve the 2020 financial statements.

A favourable vote would maintain the 44% independence rate (*vs.* 33.3% for controlled companies) and the 44% rate of women on the Board (not taking into account those Directors who represent the staff).

In the 10th resolution, we ask you to acknowledge the election, for a two-year term, of the Directors representing the staff

Since the company's privatisation, TF1's employees have been represented by two Directors. They are elected for a two-year term by the employees of TF1 SA in accordance with the Articles of Association and legal provisions. One is elected from among managers and journalists and the other from among administrative, technical and supervisory staff. All employees who have had an employment contract for at least three months at the date of an election are entitled to vote. All employees who have had an employment contract for at least two years at the date of an election are eligible to stand for election.

The terms of office of Fanny Chabirand and Sophie Leveaux-Talamoni are expiring in 2018, upon the announcement of the results of the electoral colleges' ballots culminating in the appointment of the Directors representing the staff; this should normally take place two weeks prior to the General Meeting. The elections will take place on 22 March 2018.

At the General Meeting on 19 April 2018, the Chairman will inform you of the names of the Directors representing employees elected by the electoral colleges. In the 10th resolution, you will be required to duly record their election and their appointment for two years as Directors representing the staff.

The names and CVs of the elected Directors will be added to the list of Board members on the company's website (www.groupe-tf1.fr, Homepage > Investors > Governance > Corporate governance).

Approval

Subject to the approval by the General Meeting of the 7th, 8th and 9th resolutions, at the end of the General Meeting the members of the Board of Directors will be as follows:

- four independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier;
- two Directors representing the staff: Fanny Chabirand and Sophie Leveaux-Talamoni, subject to the results of the elections of the Directors representing the staff;
- one Executive Director: Gilles Pélisson;
- four Directors representing the major shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues, represented by Philippe Marien.

The TF1 Board of Directors would include 44% independent Directors and 44% women (the two Directors elected by employees are not taken into account when calculating percentages).

The average age (calculated on the date of the General Meeting) is 60 years.

RESOLUTION 11 – PURCHASE OF TREASURY SHARES

SUBJECT AND PURPOSE

In the **11th resolution** which is submitted for your approval, we invite you to renew the authorisation given each year to the company to purchase treasury shares under a buyback programme.

The aims of the buyback programme are:

- cancellation of all or part of the repurchased shares, within a limit of 10% of the share capital per twenty-four month period, subject to authorisation by the Extraordinary General Meeting;
- allocation or sale of shares to employees, for participation in a profit-sharing scheme or the implementation of a company or Group savings plan (or similar plan), or through the allocation of free shares;
- use of shares (by way of exchange, payment or other) for acquisitions, mergers, demergers or transfers of assets, in accordance with the applicable regulations;
- use of shares upon exercise of rights attached to securities giving access to the share capital through redemption, conversion, exchange or any other means;
- implementation of a liquidity contract which complies with the Code of Conduct recognised by the AMF;
- and more generally to perform any other transaction in accordance with the regulations in force.

In 2017, TF1 did not buy back any of its shares.

On 15 February 2018, the company did not own any treasury shares.

Ceiling for the authorisation

The authorisation will be granted within the following limits:

- maximum percentage of the share capital authorised for repurchase: 10% of capital;
- maximum price per share: €20;
- maximum overall amount: €300 million;
- duration: 18 months.

These transactions may be carried out at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares.

The authorisation for the company to buy back its own shares is subject to several legal limits, in particular, the company may not own, directly or through an intermediary acting in its own name but on behalf of the company, more than 10% of the total number of shares making up its share capital, in addition, the vesting of shares must not reduce shareholders' equity below the amount of capital plus non-distributable reserves;

Treasury shares have no voting rights and dividends accruing to them are carried forward as retained earnings.

GENERAL MEETING – EXTRAORDINARY BUSINESS

The financial authorisations and powers granted by the previous General Meetings are listed in a table in Section 6.3.5 of this document.

As at 15 February 2018, TF1 had no financial liabilities.

For the record, the resolutions relating to share buybacks and the reduction in share capital were adopted at the Combined General Meeting of 13 April 2017 at a rate of 100.0%.

RESOLUTION 12 – POSSIBILITY OF REDUCING THE SHARE CAPITAL BY CANCELLING SHARES

SUBJECT AND PURPOSE

We invite you to delegate, for a period of 18 months, all powers to the Board of Directors, for the purpose of cancelling all or part of the company shares acquired as part of the share purchase programmes authorised by the General Meeting.

The purpose of the **12th resolution** is to authorise the Board of Directors, if it deems appropriate, to reduce the share capital of the company, on one or more occasions and by up to 10% of the share capital per 24-month period, by cancelling some or all of the shares acquired under the share purchase programmes authorised by the General Meeting. This authorisation would be granted for a period of 18 months and would replace the authorisation previously granted by the General Meeting of 13 April 2017.

Cancelling repurchased shares makes it possible to offset the dilutive impact on shareholders arising from the creation of new shares following, for example, the exercise of stock options.

In 2017, TF1 did not cancel any shares.

RESOLUTION 13 – REMOVAL OF THE REQUIREMENT TO APPOINT ALTERNATE AUDITORS

SUBJECT AND PURPOSE

We propose an amendment to Article 18 of the Articles of Association, entitled “Statutory Auditors”, by removing the obligation laid down in the second paragraph to appoint alternate auditors.

RESOLUTION 14 – REMOVAL OF OBSOLETE REFERENCES FROM THE ARTICLES OF ASSOCIATION

SUBJECT AND PURPOSE

We propose an amendment to Articles 10 and 25 of the Articles of Association, entitled “Board of Directors” and “Financial year”, by removing obsolete references.

In Article 10, this involves deleting the special provisions resulting from the 29th resolution of the Combined General Meeting of 16 April 2015, when the term of office of Directors not representing the staff was increased from two to three years to create a staggered board .

In Article 25, this involves deleting the reference to the first financial year.

RESOLUTION 15 – AUTHORISATIONS FOR FORMALITIES

SUBJECT AND PURPOSE

In the 15th resolution submitted for your approval, you are invited to authorise the completion of all legal or administrative formalities and all filing and publishing requirements of the legislation in force.

Information on the company’s operations, to be provided under the law, is included in the management report that you received.

You are asked to vote on the proposed resolutions.

The Board of Directors.

8.3 DRAFT RESOLUTIONS

ORDINARY BUSINESS

FIRST RESOLUTION

(APPROVAL OF THE INDIVIDUAL STATEMENTS AND TRANSACTIONS FOR THE 2017 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having considered the individual financial statements for the 2017 financial year, in addition to the management report from the Board of Directors and the Statutory Auditors' report on the individual financial statements, approves the individual financial statements for the 2017 financial year as submitted, as well as the transactions reflected in those financial statements and summarised in those reports.

SECOND RESOLUTION

(APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND TRANSACTIONS FOR THE 2017 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having considered the consolidated financial statements for the 2017 financial year, in addition to the Board of Directors' report on Group operations contained in the management report pursuant to Article L. 233-26 of the French Commercial Code, and the Statutory Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the 2017 financial year, as well as the transactions reflected in those financial statements and summarised in those reports.

THIRD RESOLUTION

(APPROVAL OF THE RELATED-PARTY AGREEMENTS STIPULATED IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, in accordance with Article L. 225-40 of the French Commercial Code, having considered the Statutory Auditors' special report, approves the related-party transactions described in this report and not yet approved by the General Meeting.

FOURTH RESOLUTION

(APPROPRIATION OF PROFITS FOR THE 2017 FINANCIAL YEAR AND SETTING THE AMOUNT OF THE DIVIDEND)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, taking into account the net profit for the period of €131,630,699.89 and retained earnings of €484,948,460.36, giving a distributable profit of €616,579,160.25, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €73,453,009.70 (*i.e.* a dividend of €0.35 per share with a par value of €0.20);
- the balance of €543,126,150.55 to be carried forward as retained earnings.

The dividend ex-date for the Euronext Paris market shall be 30 April 2018. The cut-off date for positions qualifying for payment shall be 2 May 2018. The dividend shall be paid in cash on 3 May 2018.

The full dividend is eligible for the 40% tax relief referred to in indent 2 of paragraph 3 of Article 158 of the French General Tax Code.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the French Commercial Code.

The General Meeting notes that the dividends distributed for the last three financial years were as follows:

	2014	2015	2016
Number of shares	211,528,764	209,033,985	209,417,542
Unit dividend	€1.50	€0.80	€0.28
Total dividend(1)(2)	€317,293,146.00	€167,227,188.00	€58,636,911.76

(1) Dividends actually paid, minus, where applicable, the shares held by TF1 which were not entitled to distribution.
(2) Dividends eligible for the 40% tax rebate mentioned in section 2 of Article 158.3 of the French General Tax Code.

FIFTH RESOLUTION

(APPROVAL OF THE COMPONENTS OF REMUNERATION AND BENEFITS PAID OR GRANTED FOR THE 2017 FINANCIAL YEAR TO GILLES PÉLISSON AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, in accordance with Article L. 225-100 of the French Commercial Code, approves the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or granted for the 2017 financial year to Gilles Pélisson as Chairman and Chief Executive Officer, as presented in the Board of Directors' report.

SIXTH RESOLUTION

(REMUNERATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND GRANTING COMPONENTS OF THE REMUNERATION AND BENEFITS ATTRIBUTABLE TO GILLES PELISSON)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and benefits of any kind attributable to Gilles Pélisson as Chairman and Chief Executive Officer, as presented in the Board of Directors' report.

SEVENTH RESOLUTION

(RE-ELECTION OF LAURENCE DANON ARNAUD AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, re-elects Laurence Danon Arnaud as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2020 financial year.

EIGHTH RESOLUTION

(RE-ELECTION OF MARTIN BOUYGUES AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, re-elects Martin Bouygues as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2020 financial year.

NINTH RESOLUTION

(RE-ELECTION OF THE COMPANY BOUYGUES AS A DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, re-elects the company Bouygues as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2020 financial year.

TENTH RESOLUTION

(ACKNOWLEDGEMENT OF THE ELECTIONS OF DIRECTORS REPRESENTING THE STAFF)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having been apprised of the names of the Directors representing the staff elected by the electoral colleges, as communicated by the Chairman and CEO prior to the reading of this resolution, duly records their election and their appointment as Directors representing the staff.

Directors representing the staff serve a two-year term of office which will expire upon the next announcement of the results of the election for Directors representing the staff, in accordance with the provisions of Article 10 of the Articles of Association.

ELEVENTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO BUY BACK THE COMPANY'S SHARES FOR AN 18-MONTH PERIOD, SUBJECT TO A MAXIMUM OF 10% OF THE SHARE CAPITAL)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, pursuant to Article L. 225-209 of the French Commercial Code, having read the Board of Directors' report containing the description of the share buyback programme:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buyback, in compliance with the prevailing legal and regulatory conditions applicable at that date;
2. resolves that this authorisation may be used for the following purposes, corresponding either to a market practice accepted by the AMF or an objective envisaged in Article 5 of regulation (EU) no. 596/2014 on market abuse, or an objective specified in Articles L. 225-209 et seq. of the French Commercial Code:
   - reduce the share capital by cancelling shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting,
   - grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, through an allotment of free shares, or corporate or Group savings plans,
   - retain shares and, where appropriate, use them subsequently as payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with regulatory requirements,
   - ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a Code of Conduct recognised by the AMF,
   - fulfil obligations related to debt securities, in particular securities giving entitlement to company shares through redemption, conversion or exchange, or in any other manner,
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the vesting, sale, transfer or exchange of these shares may be carried out, on one or several occasions, in compliance with rules issued by the AMF in its position/recommendation no. 2017-04, on or off market, including on a multilateral trading facility (MTF) or *via* a systematic internaliser, or over the counter, in any manner, including the acquisition or disposal of blocks of shares, by using derivative financial instruments, and at any time, except during a takeover bid for the company's shares. The entire programme may be carried out through block trades;
4. resolves that the purchase price cannot exceed €20 (twenty euros) per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or free shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets at €300,000,000 (three hundred million euros), the maximum amount of funds that can be used for the authorised share buyback programme, corresponding to a maximum number of 15,000,000 shares purchased based on the previously authorised unit price of €20;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;

7. gives full powers to the Board of Directors, with the power to subdelegate, in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the General Meeting of the transactions carried out, in accordance with applicable regulations;
9. sets the period of validity of the present delegation at eighteen months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

EXTRAORDINARY BUSINESS

TWELFTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY SHARES HELD BY THE COMPANY SUBJECT TO A MAXIMUM OF 10% OF THE SHARE CAPITAL IN EACH 24-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, pursuant to Article L. 225-209 of the French Commercial Code, having considered the Board of Directors' report and the Statutory Auditors' special report:

1. hereby authorises the Board of Directors to cancel, at its sole discretion, in one or more instances, all or part of the shares that the company holds or might come to hold as a result of the use of the various authorisations to buy up its own shares granted by the General Meeting to the Board of Directors, to the extent of up to 10% of the total number of the shares comprising the company's share capital on the date of the operation, in any given period of twenty-four months;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the Articles of Association accordingly, and generally to attend to all necessary formalities;
4. sets the period of validity of the present delegation at eighteen months counting from the date of the present General Meeting, it being specified that this delegation nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

THIRTEENTH RESOLUTION

(REMOVAL OF THE REQUIREMENT TO APPOINT ALTERNATE AUDITORS – AMENDMENT OF ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, taking into account the revised wording of Article L. 823-1 of the French Commercial Code, resolves to delete the second paragraph of Article 18 of the company's Articles of Association, worded as follows: "The General Meeting shall also appoint two alternate auditors, called upon to replace the permanent Statutory Auditors in the event of their refusal, unavailability, resignation or death."

FOURTEENTH RESOLUTION

(REMOVAL OF OBSOLETE REFERENCES CONTAINED IN THE ARTICLES OF ASSOCIATION RELATING TO THE STAGGERED TERMS OF OFFICE FOR DIRECTORS NOT REPRESENTING STAFF AND TO THE FIRST FINANCIAL YEAR – CORRESPONDING AMENDMENT OF ARTICLES 10 AND 25 OF THE ARTICLES OF ASSOCIATION)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having considered the Board of Directors' report, resolves to remove the obsolete references contained in the Articles of Association relating to the staggered Board of Directors and to the first financial year.

Consequently, the following articles are amended as follows:

Article 10

Board of Directors

Previous version :

III-1. Directors not representing the staff who are appointed or re-elected with effect from the General Meeting called to approve the financial statements for the year ending 31 December 2014 shall serve for a term of three years, subject to the following provisions:

The term of office of a Director not representing the staff shall expire at the end of the Ordinary General Meeting called to approve the financial statements for the previous financial year, held in the year during which the term of office of that Director expires.

As an exception, to stagger the replacement of Directors, six of the nine Directors not representing the staff whose term of office is due to expire shall be re-elected as follows at the General Meeting called to approve the financial statements for the year ending 31 December 2014, and at this General Meeting alone:

- three Directors shall serve a one-year term of office, expiring at the Ordinary General Meeting called to approve the financial statements for the 2015 financial year;
- three other Directors shall serve a two-year term of office, expiring at the Ordinary General Meeting called to approve the financial statements for the 2016 financial year.

New version :

III-1. Directors not representing the staff shall serve a three-year term of office.

The term of office of a Director not representing the staff shall expire at the end of the Ordinary General Meeting called to approve the financial statements for the previous financial year, held in the year during which the term of office of that Director expires.

Article 25

Financial year

Previous version :

The financial year shall begin on 1 January and end on 31 December of each year.

As an exception, the current financial year shall run from 1 September 1987 until 31 December 1988.

New version :

The financial year shall begin on 1 January and end on 31 December of each year.

FIFTEENTH RESOLUTION

(AUTHORISATION TO CARRY OUT FORMALITIES)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, hereby grants all powers to the bearer of an original, a copy or a transcript of the minutes of this General Meeting to accomplish all the legal or administrative formalities and to make all publications and registrations required by the prevailing legislation.

9

ADDITIONAL INFORMATION

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF THE FINANCIAL STATEMENTS

AFR

9.1.1 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby certify that, having taken all reasonable steps, the information contained in this registration document, reflects the facts, to the best of my knowledge, and contains no omission that could alter its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and the consolidated companies, and that the management report (the content of which is listed in the cross-reference table in section 9.8 of this document), presents a true and fair view of the development and performance of the business, results and financial position of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

I have received an end-of-assignment letter from the Statutory Auditors, in which they state that they have checked the information relating to the company's financial position and financial statements included in this registration document and that they have read this document in its entirety.

The historical financial information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented in chapter 5 of this document or incorporated herein by reference (see section 9.4). The reports issued by the Statutory Auditors for financial years 2016 and 2015 contained no comment.

Boulogne-Billancourt, 8 March 2018

Chairman and CEO

Gilles C. Pélisson

9.1.2 INFORMATION CONCERNING STATUTORY AUDITORS

Permanent Statutory Auditors	Date of first appointment	Expiry date of present term of office
Ernst & Young Represented by Bruno Perrin and Laurent Vitse Tour First, 1-2 place des Saisons – Paris La Défense 1 -92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
Mazars Represented by Guillaume Potel and Marc Biasibetti Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements
Alternate Statutory Auditors	**Date of first appointment**	**Expiry date of present**
Auditex (EY Group) Tour First, 1-2 place des Saisons – Paris La Défense 1 -92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
Thierry Colin (Mazars Group) Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 4, note 9.3 of this document.

9.1.3 NAME OF THE INDEPENDENT THIRD-PARTY VERIFIER OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

In 2017, in accordance with Decree no. 2012-557 dated 24 April 2012 (Article 225 of the Grenelle 2 Act), the social, environmental and societal information has been verified by an independent firm, Ernst & Young et Associés, sustainable development department. Ernst & Young et Associés is the independent third-party firm whose certification request has been approved by the French National Accreditation Body (COFRAC) under number 3-1050.

9.2 RELATIONS WITH SHAREHOLDERS

LEGAL INFORMATION AND INVESTOR RELATIONS

TF1 – 1, quai du Point-du-Jour – 92656 Boulogne-Billancourt Cedex Tel.: +33 (0)1 41 41 12 34

General Counsel: Jean-Michel Counillon

Group Legal and Business Affairs Director and Board Secretary: Sébastien Frapier - Email: relationsactionnaires@tf1.fr

Executive Vice President, Finance and Purchasing: Philippe Denery - Email: comfi@tf1.fr

DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

Documents such as the Articles of Association, internal procedures of the Board of Directors and other reports of the Board of Directors to the Combined General Meeting of 19 April 2018 can be found on the company website at www.groupe-tf1.fr/en.

Anybody wishing to obtain additional information about TF1 group may, with no obligation, request documents at the following addresses:

- TF1 – Legal Affairs Department – 1 quai, du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel.: +33 (0)1 41 41 40 75;
- TF1 – Investor Relations Department – 1, quai du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel: +33 (0)1 41 41 49 73, or comfi@tf1.fr.

9.3 CALENDAR

19 April 2018: Combined General Meeting of Shareholders

25 April 2018: revenue and financial statements for the first quarter

30 April 2018: 2017 dividend ex-date

2 May 2018: date of record for dividend

3 May 2018: payment date for dividend

24 July 2018: revenue and financial statements for the first six months of 2018

30 October 2018: revenue and financial statements for the third quarter

These dates may be subject to change.

9.4 INFORMATION INCLUDED BY REFERENCE

The following information is included by reference in this document:

- the consolidated financial statements for the year ended 31 December 2016, the relevant report of the Statutory Auditors and the Group's management report included on pages 124 to 185 of the registration document filed with the French Financial Markets Authority (AMF) on 8 March 2017 under number D. 17-0136;
- the consolidated financial statements for the year ended 31 December 2015, the relevant report of the Statutory Auditors and the Group's management report included on pages 113 to 218 of the registration document filed with the French Financial Markets Authority (AMF) on 9 March 2016 under number D. 16-0124.

9.5 FINANCIAL PRESS RELEASES PUBLISHED IN 2017 AFR

Date of release	Subject
2 January 2017	TF1 group is the leading broadcaster in France
12 January 2017	European partnership between TF1 group, Prosiebensat.1 and Mediaset
30 January 2017	Disposal subject to conditions of TF1's stake in AB Group
1 February 2017	Agnès Rosoor appointed Chief Executive Officer of Téléshopping and Chairwoman of Top Shopping
16 February 2017	2016 annual results for TF1 group
21 February 2017	TF1 group strengthens its Entertainment Division through a minority stake in the capital of Play Two
28 February 2017	TF1 group is the clear leader in TV for women aged under 50 purchasing decision-makers and individuals aged between 25 and 49
8 March 2017	Practical arrangements for making available or consulting the 2016 registration document and the Annual Financial Report
3 April 2017	Record month for TF1 group, leader in TV and strongest one-month increase for key targets
10 April 2017	2nd season for TF1 group's business incubator programme
27 April 2017	First quarter results 2017
12 May 2017	Agreement between TF1 and the Belgian advertising house, Transfer
9 June 2017	The TF1, ProSiebenSat. 1 and Mediaset Spain and Italy groups create European Broadcaster Exchange
23 June 2017	Launch of Studio71 in France
24 July 2017	Group results for the 1st half-year 2017
29 July 2017	End of the distribution agreements for TF1 group and MYTF1 unencrypted channels with Numericable-SFR
13 September 2017	TF1 group and Formula 1 sign a unencrypted broadcasting agreement for the next three seasons
25 September 2017	Grand Prix de la Transparence 2017 TF1 group wins the CAC MID 60 Grand Prix
12 October 2017	TF1 Publicité, new advertising house for the Discovery Communications group in France
30 October 2017	Group results for the first nine months of 2017
31 October 2017	The good back-to-school season for TF1 group channels is confirmed
6 November 2017	TF1 group signs an innovative distribution agreement with Altice-SFR group
14 November 2017	Channel 4 joins the pan-European EBX alliance
16 November 2017	TF1 group sells the pay-TV rights to the FIFA 2019 Women's' World Cup to Canal Plus Group
17 November 2017	Appointment of the Studio71 France management team
5 December 2017	TF1 group and RAISE announce the launch of RAISE M4E
11 December 2017	TF1 and Axel Springer enter into exclusive discussions
12 December 2017	TF1 group announces that a firm offer to purchase the aufeminin group has been submitted

All the regulated information is available on the website http://www.groupe-tf1.fr/en/investisseurs/regulated-information.

9.6 ADDRESSES OF MAIN SUBSIDIARIES AND HOLDINGS

- **1, quai du Point-du-Jour, 92100 Boulogne-Billancourt**

e-TF1

GIE TF1 Acquisitions de droits

Histoire

La Chaîne Info – LCI

Monte-Carlo Participation

STS Events

TF1 Digital Contents

TF1 Droits Audiovisuels

TF1 DS

TF1 Entertainment

TF1 Events

TF1 Films Production

TF1 One Innovation

TF1 Production

TF1 Publicité

TF1 Séries Films

TF1 Vidéo

TV Breizh

TFX

Une Musique

Ushuaïa TV

- **38-48, rue Victor Hugo, 92300 Levallois Perret**

Bonzaï Digital

- **ZA du Pot au Pin – Entrepôt A4, 33612 Cestas Cedex**

Dujardin

- **89, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine**

Extension TV – Serie club

- **43, boulevard Barbès, 75018 Paris**

La Place Media

- **17 avenue George V, 75008 Paris**

Newen Studios

- **246, route de Vannes, 44700 Orvault**

Optiqual

- **44, rue de Strasbourg, 44000 Nantes**

Ouest Info

- **6 bis, quai Antoine I^er^, 98000 Monaco**

Télé Monte-Carlo – (TMC)

- **30-32, rue de Proudhon, 93210 La Plaine Saint Denis**

Téléshopping Top Shopping

- **174-178 quai de Jemmapes, 75010 Paris**

MinuteBuzz

- **6th floor, 65 Gresham street**
  London, EC2V 7NQ United Kingdom

EBX

- **2 rue de Choiseul, 75002, Paris**

Finder Studios

- **Rungestrasse 22-24, 101179 Berlin, Germany**

Studio 71

9.7 CROSS-REFERENCE TABLE WITH THE SUBJECTS OF THE FIRST APPENDIX OF EU REGULATION 809/2004

15	**Compensation and benefits**	
15.1	Amount of compensation paid and benefits in kind	13, 85-98, 168, 195, 211-212, 215, 250, 256, 287-289, 293-296
15.2	Total amounts set aside or accrued for pensions, retirement or other benefits	150-153
16	**Board and management practices**	
16.1	Date of expiration of current terms of office	63-71, 75, 286, 290, 291, 294
16.2	Service contracts binding members of the administrative bodies	211-216
16.3	Information about the Audit Committee and Remuneration Committee	64, 65-84
16.4	Corporate governance	12, 62-84
17	**Employees**	
17.1	Number of employees	6, 245-261
17.2	Shareholdings and stock options	85-98, 116, 155-157, 229-232, 250
17.3	Agreements for involving employees in the capital of the issuer	230-231, 250
18	**Main shareholders**	
18.1	Shareholders owning more than 5% of capital and voting rights	10, 233-234
18.2	Different voting rights	226, 233
18.3	Control of the issuer	10, 233-234
18.4	Agreements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	233
19	**Related-party transactions**	223-224
20	**Financial information concerning the assets and liabilities, financial position and of the issuer**	
20.1	Historical financial information	3-21, 101-110, 111-198
20.2	Pro forma financial information	101-110, 111-198
20.3	Financial statements	111-198
20.4	Audit of the annual historical information	200-210
20.5	Date of the latest financial information	299
20.6	Interim and other financial information	n/a
20.7	Dividend policy	10, 17, 108, 146, 154, 236, 290, 293
20.8	Legal and arbitration proceedings	47-51, 141-142, 151
20.9	Significant changes in the trading or financial position	n/a
21	**Additional information**	
21.1	Share capital	153, 224-225, 227-232
21.2	Memorandum and Articles of Association	223-226
22	**Major contracts**	118, 122, 123, 174
23	**Third party information and statements by experts and declarations of interest**	n/a
24	**Documents on display**	63, 73, 226, 299
25	Information on holdings	109, 122, 146-147, 222, 301

9.8 MANAGEMENT REPORT CROSS-REFERENCE TABLE

The 2017 management report that contains the information mentioned below is included in this registration document. It was approved by the Board of Directors of TF1 on 15 February 2018.

Information required by the French Commercial Code, the French Monetary and Financial Code, the French General Tax Code and the French Financial Markets Authority (AMF) General Regulation	Registration document
Activity	
Analysis of developments in the company's business, results and financial position during the past financial year (Articles L. 225-100, L. 225-100-2, L. 232-1, L. 233-6, L. 233-26 and R. 225-102 of the French Commercial Code)	6-37, 100-109
Analysis of developments in the Group's business, results and financial position during the past financial year (Articles L. 225-100-2 and L. 233-26 of the French Commercial Code)	6-37, 100-109
Activity and results of the company's subsidiaries (Article L. 233-6 of the French Commercial Code)	100-109
Forecasted developments in the company's position (Articles L. 232-1, L. 233-26 and R. 225-102 of the French Commercial Code)	22, 107
Significant shareholdings in companies based in France (Article L. 233-6 of the French Commercial Code)	122-123
TF1 group's financial risk management strategy (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	50, 159-166
TF1 group's exposure to price, credit, liquidity and cash-flow risks (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	50, 159-166
Key performance indicators of a non-financial nature (Article L. 225-100-1 of the French Commercial Code)	5-22, 24-40
Research and Development activities (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	41-42
Post balance-sheet events (Articles L. 232-1 and L. 233-26 of the French Commercial Code)	174
Trade and customer creditors by due date (Article L. 441-6-1 and L. 441-4 of the French Commercial Code)	108-109
CSR – Corporate Social Responsibility	
Information on environmental issues and the environmental impact of the company's business (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code)	262-283, 306-308
Information on staff issues and the social impact of the company's business (Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code)	238-261, 306-308
Corporate governance	
Report on corporate governance (Article 225-37 of the French Commercial Code)	72-84
Rules applying to the nomination of members of the Board of Directors (Article L. 225-100-3 of the French Commercial Code)	62-64
Summary of transactions involving company shares performed by senior executives (Article L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulation)	229
Remuneration of corporate officers (Article L. 225-102-1, L. 225-37, L. 225-37-2, L. 225-184, L. 225-197-4 of the French Commercial Code)	85-98
Offices and positions held by each of the corporate officers in or outside the company during the financial year (Article L. 225-102-1 of the French Commercial Code)	65-71
Capital and ownership structure	
Identity of shareholders holding more than 5% of the share capital; treasury shares (Article L. 233-13 of the French Commercial Code)	234
Share buyback programme and information on purchases and sales of treasury shares (Article L. 225-211 of the French Commercial Code)	227-229
Information likely to have a material impact in the event of a public offer (Article L. 225-37-5 of the French Commercial Code)	224-225
Report on employee profit-sharing (Article L. 225-102 of the French Commercial Code)	234
Other	
Dividends distributed during the last three years (Article 243 *bis* of the French General Tax Code)	10, 108, 290, 293
Summary of the current authorisations granted to the Board of Directors by the General Meeting with respect to capital increases and use made of such authorisations during the financial year (Article L. 225-100 and L. 225-100-2 of the French Commercial Code)	230-231
Agreements between the corporate officers or shareholders of the company and its subsidiaries (Article L. 225-102 of the French Commercial Code)	226

9.9 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

AFR

Information included in the Annual Financial Report required by Article L. 451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the AMF General Regulation	Registration document
Separate financial statements of the company	175-197
Group consolidated financial statements	112-174
Management report of the Board of Directors	See cross-reference table 9.8
Statement by the person responsible for the registration document	298
Annual Statutory Auditors' report on the separate financial statements	200-205
Statutory Auditors' report on the consolidated financial statements	206-210
Statutory Auditors fees	169

9.10 CROSS255-REFERENCE TABLE FOR DECREE NO. 2012-557 OF 24 APRIL 2012 (ARTICLE 225 OF THE GRENELLE 2 ACT)

Information concerning employees	Paragraph in the document	Page
Employment		
Total workforce and breakdown of employees by gender, age and geographical area Hires and dismissals	**7.1.3 Workforce:** permanent contracts and fixed-term contracts/temporary employment/labour external to the company/hires and departures	246
Compensation and changes to compensation	**7.1.5 Compensation and employee savings**/Compensation and benefits function/gross compensation/profit-sharing and incentive schemes and company savings plans for employees	250
Worktime organisation		
Organisation of working hours	**7.1.4 Organisation of working hours**/annual worktime/part-time work, overtime	248
Absenteeism	**7.1.7 Health, safety and security conditions**/absenteeism and reasons for absence	252
Management/employee relationships		
Organisation of management/employee dialogue Report on collective agreements	**7.1.6 Professional relationships and report on collective agreements**/overview of professional relationships within TF1 group	251
Health and safety		
Health and safety conditions at work Report on agreements signed with the trade unions or personnel-representative bodies concerning health and safety Work-related accidents, notably frequency and severity, and occupational illnesses	**7.1.7 Health, safety and security conditions**/the players in the health and safety policy/health and safety training/prevention of HSS risks/Measuring quality of life at work/indicators for "Work-related accidents"	252
Training		
Policies implemented with respect to training Total number of hours of training	**7.1.9 Skills development**/new HRIS/Mentoring/professional training arrangements/"Continuing education" indicators	256
Equality of treatment		
Measures taken in favour of equality between women and men	**7.1.8 Equal opportunities and the fight against discrimination**/professional equality between men and women	253
Measures taken in favour of the employment and employability of disabled persons	**7.1.8 Equal opportunities and the fight against discrimination**/disabled employees	253
Anti-discrimination policy	**7.1.8 Equal opportunities and the fight against discrimination**/disabled employees/professional equality/seniors	253
Promotion and compliance with the provisions of the fundamental agreements of the ILO	**7.1.1 Social policy and social risk factors**/reminder about the promotion of and compliance with the fundamental Conventions of the ILO	247
Environmental information		

Information concerning employees		
General environmental policy		
Company measures to take account of environmental issues and, where applicable, environmental assessment or certification procedures	**7.2.1 General environmental policy/**Procedures for environmental evaluation and certification of businesses	262
Measures to train and inform employees on environmental protection	**7.2.1 General environmental policy/**Staff training and communication	263
Resources devoted to preventing environmental risks and pollution	**7.2.1 General environmental policy/**Expenditure on preventing the environmental impacts of our activity	262
Amount of provisions and guarantees for environmental risks	Not applicable: no environmental risks.	-
Pollution and nuisances		
Measures to prevent, reduce or compensate discharges into air, water, ground, etc.	**7.2.3 Pollution and nuisances**/prevention and repair of discharges	264
Prevention measures, measures for recycling and waste disposal, etc.		
Consideration of noise pollution and any other form of pollution specific to an activity	**7.2.3 Pollution and nuisances**/noise and odour pollution/effect of radiowaves on health	264
Circular economy		
Prevention and recycling measures, as well as other forms of waste recovery and disposal	**7.2.4 Circular economy**/Prevention and recycling measures as well as other forms of waste recovery and disposal	265
Measures to prevent food waste	**7.2.4 Circular economy**/Measures to prevent food waste	
Sustainable use of resources: Water consumption	**7.2.4 Circular economy**/sustainable use of resources/water consumption	265
Water supply according to local restrictions	**Not applicable:** head offices located in Paris region, water from network only	266
Raw materials consumption	**7.2.4 Circular economy**/sustainable use of resources/paper consumption	265
Measures to improve consumption efficiency		
Energy consumption	**7.2.4 Circular economy**/sustainable use of resources/energy consumption	266
Measures taken to improve energy efficiency and the use of renewable energy	**7.2.4 Circular economy**/sustainable use of resources/measures taken to improve energy efficiency	267
Use of ground	**Not applicable**: head offices only	-
Climate change		
Greenhouse gas emissions	**7.2.5 Climate change**/measurement of emissions of greenhouse gases/plan related to reducing greenhouse gas emissions	268
Adaptation to the consequences of climate change	**Not applicable**: no sites are located in vulnerable areas	-
Protection of biodiversity		
Measures taken to preserve/develop biodiversity	Not applicable: no site located in protective zones	-

Societal information		
Regional, economic and social impact of the activity		
…on employment	**7.3.3 Territorial, economic and social impact**/Corporate Foundation initiatives	271
and regional development	**7.3.3 Territorial, economic and social impact**/economic contribution of the company	
…on local residents	**Not applicable:** no direct impact on local residents	
Relationships with stakeholders		
Conditions of dialogue with these persons or organisations	**7.2.4 Foreword/Dialogue with stakeholders**/table of issues/summary of stakeholders/dialogue and actions	240
Partnership or sponsorship initiatives	**7.3.5 Partnership and sponsorship initiatives**	
Subcontracting and suppliers		
Social and environmental issues taken into account in the purchasing policy	**7.3.8 Responsible purchasing policy**/Responsible purchasing policy for the Central Purchasing Division (excluding rights)/Responsible purchasing outside of the Central Purchasing Division actions.	274
Importance of subcontracting and taking into account the social and environmental responsibility of suppliers and subcontractors in relationships with them		
Honest practices		
Actions undertaken to prevent corruption	**7.3.7 Ethics policy and social responsibility of the Group**/legal framework/TF1 Code of Ethics, Global Compact	273
	7.3.8 Responsible purchasing policy	274
Measures taken in favour of the health and safety of consumers	**7.3.12 Protection of young viewers**/rating information for young viewers/protection of children in a connected world	279
	7.3.14 Compliance and ethics in advertising	
	7.3.15 Issues in digital media/data protection, fight against piracy/protection of personal data in the Group/protection of internet users' data	
Other actions in favour of human rights		
	7.3.9 Respect of ethics and compliance rules in content	276
	7.3.10 News	277
	7.3.11 Programme accessibility	278
	7.3.13 Promoting diversity/Diversity Committee	280

9.11 GLOSSARY

ADSL: Asymmetric Digital Subscriber Line, high-speed network connection providing access to the Internet, fixed-line telephone, and television services.

AMF: *Autorité des Marchés Financiers*, the French Financial Markets Authority. Independent public authority which regulates the financial players and products and on the French stock market.

ARPP: *Autorité de Régulation Professionnelle de la Publicité*. ARPP, the French Regulatory Authority for Advertising, strives to foster legal, honest and truthful advertising in the interests of consumers, the public and advertising professionals.

WCR: working capital requirement. Current assets minus current liabilities (including current provisions but excluding current cash, financial liabilities and debt hedging instruments).

Gross advertising revenues: catalogue prices given by sellers of advertising space in accordance with their general conditions of sale, excluding discounts and reductions, applied to a volume of advertising sold.

Net advertising revenues: gross advertising revenues minus discounts granted to advertisers.

CNC: *Centre national du Cinéma et de l'image animée*. A public administrative body that implements the government's policy regarding cinema and other animation arts and industries, notably audiovisual, video and multimedia.

AFEP/MEDEF Corporate Governance Code: a set of recommendations on corporate governance and the remuneration of the Executive Directors of listed companies, published by the *Association Française des Entreprises Privées* (AFEP, the French association of large companies) and the *Mouvement des Entreprises de France* (MEDEF, the French business confederation).

Cost of programmes: the sum of the cost of the programmes broadcast on the Group's unencrypted channels and the cost of written-off or rights-expiring programmes, provisions made for programming (excluding sports events) and capital gains or losses from intra-group disposals.

CSA: Conseil Supérieur de l'Audiovisuel. Independent administrative authority created pursuant the Act of 17 January 1989, whose purpose is to guarantee the freedom of audiovisual communication in France under the conditions defined in Act 86-1067 of 30 September 1986.

Display: includes all marketing methods (programming and non-programming related), all devices (mobile, desktop, IPTV) and is broken down into 3 formats: classic display (banners, recommended content and content links), video display (instream and outstream formats) and special operations.

Individual viewing times (IVT): a ratings indicator measuring the average television viewing time per day of the individuals of a given population.

Internet service providers (ISP): company that provides internet access, *via* ADSL, cable or optical fibre.

W<50PDM: advertising target of women aged under 50 purchasing decision-makers.

Goodwill: difference between the acquisition price of a company and its net book value.

GRI: Global Reporting Initiative. A global initiative for reporting on economic, environmental and social performance.

GRP: Gross Rating Point. Indicator measuring the advertising pressure of a campaign on a given target. A GRP is equal to the average number of contact opportunities of an advertising campaign with its target, expressed in share points. It is calculated by multiplying coverage of the target by average repetition.

High Definition (HD): Image resolution with definition in excess of 720 lines. A Full HD picture may have up to nearly 2.1 million pixels, almost five times more than a standard image.

IFRS: International Financial Reporting Standards. The accounting standards that must be applied by listed companies in the preparation of their financial statements, in order to harmonise their presentation.

Interactivity: TV programme or website that seeks audience participation (voting, taking part in a game, etc.).

M4E: Media for Equity. A business model whereby a start-up is allocated advertising slots in exchange for a share of its capital.

OTT: Over the top. Method of distributing content *via* the Internet without the involvement of an internet service provider.

Audience share: percentage of audience of a medium (television, radio, etc.) calculated in relation to the total audience for that medium.

Advertising market share: advertising investments made by an advertising sales agency or entity in a media market (television, radio, etc.).

Prime time: Part of the schedule when the audience is largest. In France, television prime time is in the evening, generally from 8.45pm. "Access prime time" is between 6.00pm and 8.00pm.

Current operating profit: profit calculated on the basis of revenues and other current operating income minus current operating costs.

Operating profit: profit calculated on the basis of current operating profit minus other non-current operating income and costs.

SACD: *Société des auteurs et compositeurs dramatiques* (Society of dramatic authors and composers), collectively manages copyright, by collecting and distributing the royalties of its members, working in the performing arts and audiovisual sector.

Replay or Catch-up TV: Television programming offered by television content providers so that viewers can watch programmes at their convenience. A free or pay service, it may also include supplements not shown with the original programme, such as summaries.

Connected television: refers both to a television set connected directly or indirectly to the Internet and the television offering from internet providers, broadcast *via* internet protocol television (see entry).

DTT: Digital Terrestrial Television. Digital television broadcast *via* the terrestrial network through a built-in or set-top box which converts images compressed at source.

Net cash: available cash after the deduction of total debt.

Unique visitors: the total number of individuals who have visited a website or used an application at least once during the period under consideration. Individuals who visit the same website or use the same application several times are counted only once.

VOD: Video On Demand. A pay service whereby viewers can watch the programme of their choice at any time, for a payment.

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Registration Document is available on www.groupe-tf1.fr/en

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