

# 2017 Financial and CSR Report



## **Attestation of the persons responsible for the annual report**

We, the undersigned, hereby attest that to the best of our knowledge the financial statements have been prepared in accordance with generally-accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the company and of all consolidated companies, and that the management report attached hereto presents a true and fair picture of changes to the business, the results and the financial position of the company and of all consolidated companies as well as a description of the main risks and contingencies facing them.

Paris, 23 March 2018.

Chairwoman and CEO

**Catherine Guillouard**

Chief Financial Officer

**Alain Le Duc**

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# 2017 management report

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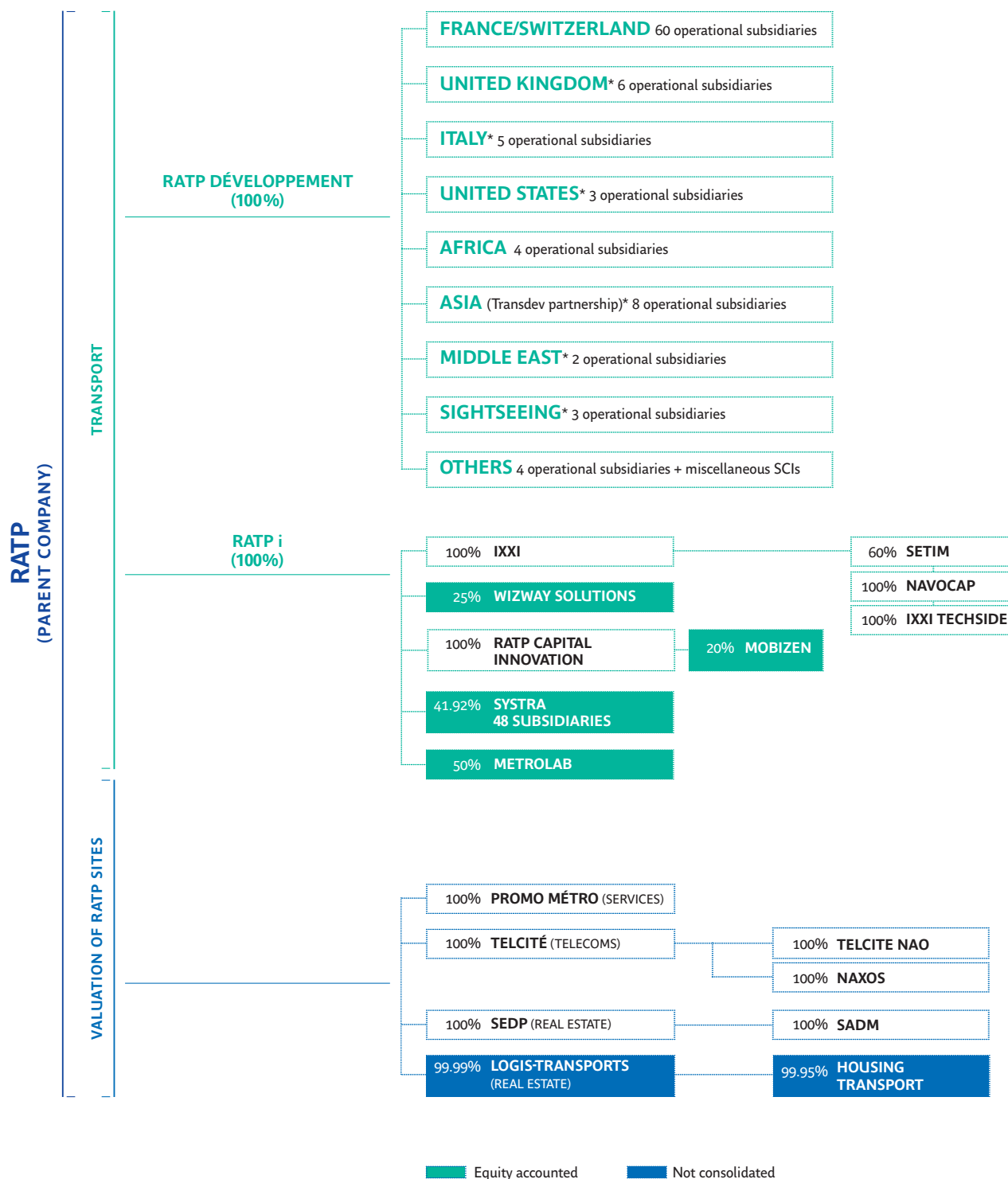
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# RATP group organisation chart

31 December 2017

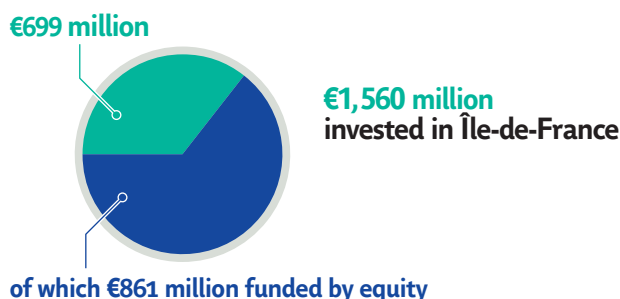
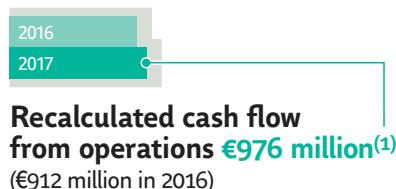
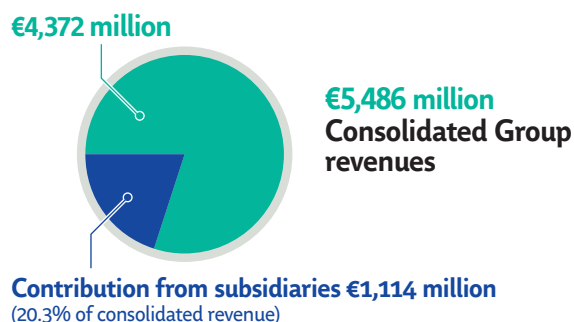
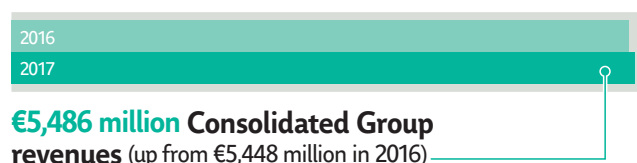


\* Subsidiaries held by means of a holding company owned 100% (50% for the Transdev partnership in Asia).

NB: the list of operational subsidiaries (holding contracts) is supplied in point 38 of the appendices to the consolidated financial statements.

**RATP group (“the Group”)** is a major public transport provider in France, operating in towns and suburbs and particularly in the Île-de-France region.

## 2017 financial results



(1) After restatement for remeasurement of deferred tax assets.

### The parent company and its contractual environment

The parent company, Régie autonome des transports parisiens (RATP), is a State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial – EPIC*) created by the law of 21 March 1948. It is a legal entity under public law. Its head office is located at 54, quai de la Rapée, 75012 Paris (listed in the Paris trade and companies register – *Registre du commerce et des sociétés*).

The aim of **RATP** is to run a public transport service in Île-de-France and its purpose, fixed by French law No. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), is to manage the network infrastructure for public passenger transport services in Île-de-France, excluding the responsibilities conferred on SNCF Réseau.

This same law specified that lines created before 3 December 2009 shall continue to be operated under the terms of the agreements effective as at that date and the agreements that shall be negotiated under the defined legal framework until 31 December 2024 for bus services, until 31 December 2029 for tramway services and until 31 December 2039 for other transport services (metro and RER). The operating rights granted to RATP are thus limited in duration, with renewal possible under the terms stipulated by law.

The ORTF law set out the framework governing the compensation of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

The Île-de-France transport offer and pricing are defined by the Syndicat des Transports d'Île-de-France commonly called Île-de-France Mobilités. RATP's activity as operator is governed by multi-year agreements with Île-de-France Mobilités. As part of these agreements, RATP undertakes to provide a transport service defined in terms of

quantity and quality, and receives compensation based on the direct revenue and flat-rate contributions paid by Île-de-France Mobilités.

Compensation for the contractual service supplied by RATP, solely on the basis of direct revenue, does not balance the economic model. Indeed, single and season ticket prices set by the transport authorities do not, in fact, cover the real cost of the services. The flat-rate contributions made by the Syndicat des Transports d'Île-de-France enable RATP to balance its books so that it can continue to supply its services, fund capital expenditure and hit related contractual targets. Subsidies therefore account for around 42% of RATP's revenue. On a national level, subsidies average 70% for less dense networks CEREMA (Centre d'études et d'expertise sur les risques, l'environnement, la mobilité et l'aménagement – centre for studies and expertise on risks, environment, mobility, and urban and country planning, 2016 for French networks with over 200,000 inhabitants, not including Paris).

Since the adoption of French law No. 2000-1208 on solidarity and urban renewal, RATP has been authorised to operate public transport networks via its subsidiaries throughout France and abroad.

In 2017, RATP's operations accounted for 79.7% of the Group's revenue. RATP's main client is Île-de-France Mobilités.

IDFM pays RATP four contributions, the first two of which are fixed and not revisable, unless updated by means of contractual amendments (primarily for new services and tariff reforms):

- the contribution to operations and public service obligations covers operating expenses not covered by direct revenue from transport users;
- the contribution to funding capital expenditure is, in the contract, on the one hand, to cover amortisation and depreciation, and on the other, to cover interest expense;
- the contribution in relation to certain tax expenses and taxes passed on to the Île-de-France transport authority (Syndicat des Transports d'Île-de-France) euro for euro (primarily the French regional levy (*contribution économique territoriale*), and land tax);
- the lease contribution specific to funding the purchase of rolling stock for T3, T5, T6, T7 and T8 tramways.

The index used to revise the contributions is based on changes in the indices monitored by INSEE (Institut national de la statistique et des études économiques – French national institute for statistics and economic studies), less 0.5% per year of productivity repaid to the Syndicat des Transports d'Île-de-France.

Despite a significant drop in comparison to the previous contract, the Syndicat des Transports d'Île-de-France contributions are scaled to achieve sufficient cash flow from operations (€4,263 million) to finance capital expenditure funded by equity (€4,221 million) aggregated over the contract term.

The 2016-2020 IDFM-RATP operating agreement between the Syndicat des Transports d'Île-de-France and RATP provides for secured funding for a high level of RATP capital expenditure, whilst keeping debt almost unchanged at the end of five years. This funding is provided, on the one hand, by investment grants and, on the other hand, by cash flow from operations.

Overall investment totaled €8.5 billion over five years, €4.2 billion of which was funded by RATP equity, with an annual variance monitoring clause that may result in a penalty directly impacting on compensation.

At the same time, RATP is committed to producing a contractual transport service, defined by volume and quality. The agreement is passenger-focused, with demanding terms and conditions in relation to production, regularity and service quality, an indicator-based system for measuring the achievement of targets and a €25 million bonus package.

Commercial risk (traffic-related revenue) is shared between RATP and the Syndicat des Transports d'Île-de-France: the agreement provides for 1% annual growth in passenger revenue and includes a risk-sharing clause similar to the previous agreement in the event of variance. A specific arrangement was provided for in 2016 and 2017 to mitigate the impact of the all zones flat-fare reform.

Price risk is carried by the Syndicat des Transports d'Île-de-France: when ticket prices change, the Syndicat des Transports d'Île-de-France contributions are amended accordingly.

RATP is responsible for risk related to expenses.

The 2016-2020 agreement covers:

- a package of additional services included in the compensation to increase the number of the Syndicat des Transports d'Île-de-France targets hit and to meet passenger expectations (€100 million over five years for improvements in cleanliness, security, shorter bus journey times and support for the Noctilien network);
- harmonisation of RATP's tax arrangements, in accordance with common law governing EPICs, particularly with regard to corporate income tax.

## Subsidiaries' areas of expertise

**RATP Développement (RATP Dev)** is the RATP subsidiary responsible for developing and managing public transport network operating agreements won outside RATP's traditional area of operations, in France and internationally. RATP Dev and its subsidiaries currently account for the greatest percentage of group business conducted outside the RATP parent company.

Generally speaking, the industry looks to public funding for both operations and capital expenditure. On this basis, clients (network transport authorities) often ask, for reasons of corporate governance, for *ad hoc* subsidiaries to be set up to manage agreements. RATP Dev, acting as contract portfolio manager, with 110 subsidiaries in 14 countries, including France, the United Kingdom, Algeria and even the USA, was the greatest contributor to revenue at year-end 2017.

RATP Dev's work covers the entire mobility chain, for all modes of transport (metro, tramway, bus and coach, train, sightseeing bus, on-demand transport, transport for people with reduced mobility, cable) and all business lines (operations, maintenance, services).

**Ixxi**, specialising in mobility support services, was created to add value, in France and internationally, by virtue of its expertise in the field of ITS (intelligent transport systems). It designs, integrates, operates and maintains ticketing, multi-modal information and operating support systems. The company also manages the ticketing system for Paris and its suburbs (12 million transactions per day), which is the largest multi-modal network in the world and includes metros, buses, tramways and suburban trains (RER). Via its subsidiaries, Ixxi Techside, Navocap and Setim, Ixxi also has a presence in Bordeaux, Toulouse, Saint-Étienne and Mexico.

**RATP i**, in addition to acting as a holding company for subsidiaries and equity investments, provides technical support on behalf of public authorities managing public transport networks in countries where the RATP group has no permanent base, especially in Africa.

In 2017 RATP created RATP Capital Innovation which it wholly owns via RATP i. Endowed with the sum of €15 million, this entity makes both direct investments in innovative companies, and indirect investments through equity investments in certain targeted investment funds with an interest in the Group's key areas of innovation and development. In particular, the three direct investments made at year-end 2017 cover new forms of mobility (car-sharing with Communauto, car-pooling with Klaxit and medical transport 2.0 with CityZen Mobility).

**Systra** is 41.92%-owned by RATP, via RATP i. Systra is a consultancy and engineering group, a world leader in the design of transport infrastructure, with a presence in over 80 countries via subsidiaries, branches or single contracts. It operates across all the different transport project phases: upstream studies and design, construction phases, testing and commissioning, operation and maintenance.

**SEDP** is the RATP group's real property management and engineering subsidiary. It supports its clients, primarily RATP, in all real property projects:

- adding value to assets by carrying out studies on and implementing the development or refurbishment of sites and real estate complexes, whilst taking regulatory changes and economic outlook into consideration (master plans, multi-year plans);
- cost control via energy audits, asset audits, project management (air conditioning, fire safety system);
- assistance with project management, in particular for complex real property programs in dense areas;
- facility management and support with project management for major maintenance works;
- management of event spaces.

**Promo Métro** is the subsidiary that handles the marketing and management of urban spaces. It is mainly involved in designing, fitting out, marketing and managing retail spaces within RATP's metro and RER network.

**Telcité** specialises in laying dark fibre, in particular, in metro and RER tunnels, with a view to leasing it to telecoms operators, insurance companies, major public services and SMEs. The network incorporates 70,000 km of fibre. Naxos services supplement those offered by Telcité as part of a logic based on sharing resources and promoting the information society in Île-de-France. Focusing on data transport, Naxos has positioned itself as an "operators' operator" and mainly targets service operators with the provision of 2G and Wi-Fi services. Telcité NAO is the subsidiary with the contract for the rollout of the 3G/4G network scheduled for completion by the end of 2019. To date, one third of the network, or 120 stations, has coverage, primarily most of RER lines A and B and metro line 1.



# 1. — Main trends in 2017

## 1.1. For transport

### 1.1.1. RATP

#### Changes in the agreement: amendments in 2017

Net income for 2017 includes amendments 1 to 9 to the 2016-2020 operating agreement between the Syndicat des Transports d'Île-de-France and RATP, which increase RATP's compensation by €19 million compared with 2016, *i.e.* an increase of 0.4%, €15.4 million of which for increases in the contractual service:

- expanded bus (+€14.3 million, mainly under amendments 4, 6, 7 and 8) and tramway services (+€1.1 million, following the extension of T6 and improvements on T2);
- the impact of the works carried out in summer 2017 on RER line A infrastructure (€3.3 million under amendment 6, versus €4 million for works carried out in summer 2016);
- new timetable for RER line A (+€1.1 million).

Other components adjusting contractual compensation mainly relate to:

- RATP taking over management of the Agence solidarité transport (+€1.2 million);
- the introduction of the plateau for the Ticket Modernisation Programme (+€0.9 million).

Amendment 8 of 22 December 2017 also sets out, together with the Syndicat des Transports d'Île-de-France, the financial consequences of the corporate income tax saving made, compared with the agreement:

- RATP is responsible for payroll tax from 2016, without any repercussions on the amount of contributions;
- a one-off payment, capped at €8 million, will be made to the Syndicat des Transports d'Île-de-France if the Ebitda is higher than the contractual Ebitda in 2018 and 2019;
- RATP agrees to reallocate part of the savings to the capital expenditures defined by the Syndicat des Transports d'Île-de-France as part of the programme for the modernisation of rolling stock and related infrastructure, approved on 13 July 2016.

#### Transport trends

Results for 2017 show a sharp increase in traffic, at 3,351.9 million journeys, up 1.3% or 44.1 million journeys on 2016. Over the year, the calendar effect was only partially negative (–2.5 million journeys) and the impact of the increase in tramway and bus services was relatively modest (+3.5 million journeys).

The growth in traffic was, above all, driven by the economic recovery and the upturn in the jobs market, by public policies impacting car traffic in Paris, the return of tourists after the drop in 2016 following the terrorist attacks, and by the long-term effects of the introduction of the all zones flat-fare (FTZ) on modes of transport serving outer zones of Île-de-France (+14.2 million journeys on the RER and +7.0 million journeys on the outer zone bus network). Unlike previous years, additional travel was mainly by rail (+34.4 million journeys).

### 1.1.2. Other developments in France

Business was up on 2016:

- full-year of operating activities for the Finand Group, incorporated in September 2016 and completing the Groups' networks in the Hauts-de-France region;
- operation of the Kicéo urban transport network in Vannes (Morbihan) since 1 January;
- for Ixxi, Navocap (France's second largest supplier specialising in operating support and traveler information systems, acquired in July 2016) completed its first full year within the Group. Ixxi consolidated its product offer and entered the Mexican market by acquiring Setim, which specifically provides consultancy services for ITS solutions. Consolidation was completed on 1 January 2017.

On the whole, the environment was tough. We highlight the following:

- some local authorities reduced their service offering;
- following a number of security incidents, the French City Sightseeing business proved, like London, to be resilient but is facing a competitive environment.

On a commercial level, RATP Dev renewed its positions in respect of Ardennes Métropole, Bourges and the reduced mobility transport business in Essonne. On the other hand, the Val-de-Marne reduced mobility transport agreement failed to be renewed in the first half of 2017. Intermediate subsidiaries, STIA, in Allier, and STIN, in Nièvre, were deconsolidated and reclassified as held-for-sale assets.

RATP Dev won the contract to manage the Lorient urban transport network (bus and boat network) from 1 January 2018, for a five-year term. Business generated over the year stood at €167 million.

### 1.1.3. Other developments outside France

- In the United States, MacDonald Transit won seven contracts, including the contract to operate and maintain the Lake County (Florida) bus network for seven years and the Tyler Transit contract in Texas for five years.  
As part of a review of its business portfolio, at the end of the year, RATP Dev sold off Fullington, operating lines in Eastern Pennsylvania, and sold off New York tourist assets.
- British operations were marked by foreign currency translation effects, which primarily impacted revenue. The Metrolink contract was not renewed by TfGM, the Manchester transport authority, and the RATP group has not operated the tramway network since July 2017.
- In Qatar, in partnership with Keolis and Hamad Group, the RATP group won the contract to operate and maintain the country's first public transport network. The contract is for twenty years and is estimated to be worth over €3 billion. The network (75 kilometres of lines for the Doha metro and 18 kilometres of lines for the Lusail tramway) should be brought into service, in stages, by the end of 2018, until completion of the works scheduled for 2020.
- In Morocco, RATP Dev had its Casablanca contract renewed for twelve years, with a major network extension (from one to five tramway lines and two bus rapid transit routes). The contract is estimated to be worth €390 million.
- In Italy, the Italian Council of State issued an order following an appeal by the outgoing local operator and decided to refer preliminary questions to the Court of Justice of the European Union for clarification of regulation (EC) No. 1370/2007 on public transport services. The process of awarding the contract to operate buses in the Tuscany region to the Autolinee Group subsidiary has been suspended pending the ruling.
- During this particularly busy year, the team focused on two other calls for tender, in particular, to win a new metro network work package in Riyadh and in Canada where RATP Dev opened an office and submitted its first tender for the Montreal metro.

## 1.2. Engineering

Revenue stood at €601.4 million, down on 2016 due to foreign currency translation effects. 63% of Systra's business was generated internationally. The drop in LGV (*ligne à grande vitesse* – high speed line) projects was offset by two acquisitions led by a Brazilian research company specialising in transport and by a US research company with an international reputation in the field of bridge engineering. Major contract awards were also postponed or canceled due to oil price trends and political instability for the majority of 2017.

Orders taken at year-end 2017 still amounted to €642 million, up 19% on 2016. Major orders included: in Egypt, Systra's participation in the first phase of construction of line 4 of the Cairo metro, in the Philippines, the completion of the detailed design for the Manila LRT line 1 on behalf of Bouygues TP and, in India, the PMC contract for the Krishna Canal to Vijayawada section of the Bitragunta line. The order book totaled €883 million at year-end 2017.

Systra contributed a loss of €14.9 million (compared with €11.4 million in 2016) to the Group's net income. The main reason for this poor performance was the financial impact of currency volatility.

## 1.3. Valuation of Real Property, Marketing & Telecoms

Business is growing for this division. Despite the harsh economic climate, revenue from subsidiaries was stable overall. Revenue generated via the mandate given to Promo Métro was down due to major works on the network causing shops to close.

2017 was marked by complex real property transactions requiring the Group's expertise in this field.

As part of the modernisation of one of the bus stations operated by RATP, the Group developed a complex mixed-use project to reconstruct a city within a city.

Launched on 16 November, the "Les Ateliers Jourdan-Corentin-Issoire" real estate complex in Porte d'Orléans (14<sup>th</sup> arrondissement), Paris, combines a new 183-bay underground bus depot and maintenance workshops, together with 660 housing units (social, private, student), as well as a crèche and a childcare centre. The project was born out of RATP's desire to modernise its industrial tooling. In a city like Paris, the only way of gaining the means to renovate a 19<sup>th</sup> century bus depot is to use its roof surface for housing. The depot was completely demolished and rebuilt, gaining 40 bus parking bays. This operation was successfully completed through the sale of building permits to build a superstructure. This new part of Paris extends over a two-hectare plot. The operation was overseen by SEDP on RATP's behalf. Logis-Transports, RATP's low-cost housing subsidiary, contributed 193 social housing units as well as a 365-unit student dwelling.

Another RATP industrial modernisation project, combining integration and urban regeneration in a densely populated area, continued with a view to starting work on the shell of the building in 2018. The Vaugirard project is due to come to an end in 2024 with the creation of a new neighbourhood based around a new street. In place of the old buildings, the site will accommodate two maintenance workshops (for RATP site maintenance and metro line 12 equipment) and 440 "Habitat and Environment"-certified dwellings. A daycare centre for young children will complete these new facilities.

## 2. — 2017 consolidated net income

The consolidated results are reflected in the following financial indicators:

- at €5,486 million, there was a moderate increase of 0.7% in revenue compared with 2016 (the increase was 1.2% excluding currency translation effects). Revenue was up 1.2% for RATP and down 1.1% for subsidiaries;
- at €443.4 million, operating income was up €61.3 million on 2016;
- at €338.9 million, net income attributable to owners of the company was up €167.9 million on 2016. The contribution of the parent company, RATP, reflected the favourable assessment of its income tax position. The upward revision of deferred tax assets was mainly due to use of the CICE (*crédit d'impôt pour la compétitivité et l'emploi* – French payroll tax credit) to reduce expenses as of 2019. This change in legislation is offset by the increase in the taxable base for companies liable for corporate income tax. Since RATP's capacity as a fiscal beneficiary has increased, it is likely to make greater use of the differences generated between carrying amounts and tax values, as defined in point 7 of the notes to the consolidated financial statements. This will be reduced by the opposite effect generated by the gradual drop in the standard rate of corporate income tax to 25% by 2022. The net impact on the income statement was +€78 million;
- equity was up €343.5 million on 2016 at €4,648.4 million, in line with retained earnings for the period plus actuarial and foreign currency translation gains and losses;
- net debt was down €206.5 million on 2016 at €5,232.6 million in line with targets, with a greater reduction due to the effects of working capital.

Group capital expenditure (before grants) amounted to €1,633 million and remained at a high level. More than 52% of the budget was devoted to the network and the rolling stock maintenance and modernisation programme. The remainder was used to increase transport capacity.

### 2.1. Consolidated revenue

(in millions of euros)	31/12/2016	31/12/2017	Change	%
<b>TRANSPORT</b>	<b>5,399.1</b>	<b>5,436.9</b>	<b>37.8</b>	<b>0.7</b>
<b>RATP (a)</b>	<b>4,301.5</b>	<b>4,351.4</b>	<b>49.9</b>	<b>1.2</b>
RATP Développement, RATP i and Ixxi	1,097.7	1,085.5	(12.2)	-1.1
<b>VALUATION OF REAL PROPERTY, MARKETING &amp; TELECOMS</b>	<b>48.6</b>	<b>49.6</b>	<b>0.9</b>	<b>1.9</b>
<b>RATP (a): management mandate Promo</b>	<b>20.5</b>	<b>20.9</b>	<b>0.4</b>	<b>1.8</b>
Promo Métro, Telecommunications, Real Property	28.1	28.7	0.6	2.0
<b>RATP group (b)</b>	<b>5,447.8</b>	<b>5,486.5</b>	<b>38.7</b>	<b>0.7</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>1,125.8</b>	<b>1,114.2</b>	<b>(11.2)</b>	<b>-1.0</b>
<b>Contribution of subsidiaries in %</b>	<b>20.7</b>	<b>20.3</b>		

Group revenue was up slightly by €38.7 million (+0.7% or +1.2% excluding the currency translation effect).

RATP's contribution stood at €4,372.3 million in 2017. It was up 1.2% on 2016, up €50.3 million.

The index used to revise RATP compensation (Syndicat des Transports d'Île-de-France contractual index) was 0.7% for 1% general inflation, representing an increase of €26 million.

The increased services arising from the amendments to the Syndicat des Transports d'Île-de-France contract accounted for an increase of €19 million, representing a rise of 0.4%.

RATP revenue also benefitted from a gain of around €12 million associated with trends in traffic flow which was more profitable than anticipated. By volume, this was up 3.5% or €78 million, compared with a contractual target of +1%. In 2017, the difference was shared with the Syndicat des Transports d'Île-de-France on a 70%/30% basis, in accordance with the contractual commercial risk-sharing clause. In 2017, the impact on RATP was limited as a result of the specific arrangement in these clauses attenuating the effects of the all zones flat-rate reform in the first two years of the agreement.

Passenger revenue also benefitted from the Syndicat des Transports d'Île-de-France tariff measures and was up €81 million, driven by the 3% rise in prices from 1 August 2016, the 2.7% rise from 1 August 2017, and tariff reforms, in particular the AME (*aide médicale d'État* – French state medical aid) tariff reform introduced in 2016. Please note that these tariff measures do not have any effect on RATP's total revenue since the impact is also deducted from the Syndicat des Transports d'Île-de-France's contributions.

For subsidiaries, the period was marked by a global negative change in currencies of: –€26 million, based on the British pound (Brexit effect). This conceals the actual €15 million growth of the subsidiaries (excluding the currency translation effect). Among the most significant contributions was, in France, the full-year effect of the acquisition of 100% of the Finand Group and Navocap, and the launch of the Kiceo network in Vannes.

On an international level, in addition to the aforementioned gains in the USA, the main growth driver was Algeria with the opening of the new Sidi Bel Abbès tramway.

## 2.2. Operating income (EBIT)

(in millions of euros)	31/12/2016	31/12/2017	Change
<b>TRANSPORT</b>	<b>368.0</b>	<b>440.3</b>	<b>72.3</b>
<b>RATP (a)</b>	<b>347.3</b>	<b>417.9</b>	<b>70.6</b>
RATP Développement, RATP i and Ixxi	20.8	22.4	1.7
<b>ENGINEERING (SYSTRA GROUP)</b>	<b>4.7</b>	<b>(6.3)</b>	<b>(11.0)</b>
<b>VALUATION OF REAL PROPERTY, MARKETING &amp; TELECOMS</b>	<b>9.3</b>	<b>9.3</b>	<b>(0.1)</b>
<b>RATP group (b)</b>	<b>382.1</b>	<b>443.4</b>	<b>61.3</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>34.8</b>	<b>25.5</b>	<b>(9.4)</b>

Operating income was up €61.3 million, breaking down into an increase of €70.6 million for RATP whilst subsidiaries' operating income fell by €9.4 million.

For RATP, the change in Ebitda was largely driven by growth in revenue and, conversely, by moderate growth in overheads.

Excluding any new service offering and the temporary increase in CICE in 2017, costs were down 0.2% relative to inflation of 1%.

Payroll costs accounted for 71.9% of overheads. The increase was driven by the change in time owing (calendar effect specific to 2017) and employer contributions, but benefitted from the temporary increase in CICE in 2017. There was a 0.65% increase in payroll costs per employee. Workforce growth was limited (up 0.2% on average in 2017) after the strong growth observed in 2016 with the buildup of operations arising from the new agreement between the Syndicat des Transports d'Île-de-France and RATP (+1.1%).

Energy costs were up €11 million due mainly to the increase in the price of fuel.

Other overheads, net of accounting income and other operating income, were down by a total of €30 million. This was due to various factors, primarily the rise in other operating income (rise in miscellaneous refunds of expenses, particularly training expenses and the TICPE (taxe intérieure de consommation sur les produits énergétiques – French domestic consumption tax on energy products), the increase in capitalised production under the capital expenditure programme, and a drop in taxes and duties.

Operating income was also up, in addition to Ebitda, due to the change in net allocations to provisions (+€24 million) excluding IFRS effects and net allocations to depreciation and amortisation (–€13 million). RATP's contribution was €417.9 million in 2017, up from €347.3 million in 2016.

Subsidiaries' operating performances were up sharply, before taking equity-accounted entities into consideration. RATP Dev successfully completed the year's various contractual engagements, all contributing to this increase.

The contribution from other subsidiaries was stable overall.

Since Systra is consolidated using the equity method, the percentage of the 2017 loss associated with currency translation effects, in itself, helps to explain the drop in the contribution from RATP's subsidiaries and equity investments.

## 2.3. Consolidated net income attributable to owners of the company

(in millions of euros)	31/12/2016	31/12/2017	Change
<b>TRANSPORT</b>	<b>159.6</b>	<b>338.5</b>	<b>178.9</b>
<b>RATP (a)</b>	<b>163.2</b>	<b>334.3</b>	<b>171.0</b>
RATP Développement, RATP i and Ixxi	(3.6)	4.3	7.9
<b>ENGINEERING (SYSTRA GROUP)</b>	<b>4.7</b>	<b>(6.3)</b>	<b>(11.0)</b>
<b>VALUATION OF REAL PROPERTY, MARKETING &amp; TELECOMS</b>	<b>6.7</b>	<b>6.7</b>	<b>0.0</b>
<b>RATP GROUP (B)</b>	<b>171.0</b>	<b>338.9</b>	<b>167.9</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>7.8</b>	<b>4.7</b>	<b>(3.1)</b>

The consolidated net income attributable to owners of the company stood at €338.9 million at year-end 2017, up €167.9 million. Non-recurring items increased the hike in net income as follows:

	2016	2017
<b>TOTAL NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>€171 MILLION</b>	<b>€339 MILLION</b>
Non-recurring items	+8	+73
Recurring net income attributable to owners of the company	€163 million	€266 million

RATP's contribution amounted to €334.3 million, up from €163.2 million in 2016, representing an increase of €171 million. In addition to operating income, it benefitted from the drop in interest expense (favourable refinancing terms as a result of record lows in long-term interest rates) and remeasurement of the aforementioned long-term tax receivable (deferred tax assets).

The contribution from subsidiaries was €4.7 million at year-end 2017, a drop of €3.1 million. The change was due to a €7.9 million increase in the Transport division and a drop of €11 million in Engineering.

Isolating 2017 non-recurring items (mainly RATP Dev deconsolidations and the remeasurement of the tax receivable under tax law), results in the following changes:

- RATP: +€99 million;
- transport subsidiaries: +€4 million.

## 2.4. Consolidated equity

The change in consolidated equity attributable to owners of the company between year-end 2016 and year-end 2017 is analysed as follows:

(in millions of euros)	31/12/2016	31/12/2017	Change
<b>TRANSPORT</b>	<b>4,233.0</b>	<b>4,587.1</b>	<b>354.1</b>
RATP (a)	4,184.2	4,529.9	345.7
RATP Développement, RATP i and Ixxi	48.8	57.2	8.5
<b>ENGINEERING (SYSTRA GROUP)</b>	<b>44.1</b>	<b>33.3</b>	<b>(10.8)</b>
<b>VALUATION OF REAL PROPERTY, MARKETING &amp; TELECOMS</b>	<b>27.9</b>	<b>28.0</b>	<b>0.1</b>
<b>RATP group (b)</b>	<b>4,305.0</b>	<b>4,648.4</b>	<b>343.5</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>120.7</b>	<b>118.5</b>	<b>(2.2)</b>

Total consolidated equity rose from €4,305 million to €4,648.4 million, an increase of €343.5 million which includes a €345.7 million increase for RATP, and a €2.2 million drop for the subsidiaries.

RATP's equity was mainly affected by:

- net income;
- the remeasurement of employee benefits.

For the subsidiaries, significant items included:

- an €8.5 million increase for the Transport division: in addition to net income effects, equity was affected by foreign currency translation, non-Group distributions and the remeasurement of employee benefits;
- the Systra group, €10.8 million drop;
- the Valuation of Real Property, Marketing & Telecoms subsidiaries remain stable after the distribution of dividends.

## 2.5. Capital expenditure

RATP group capital expenditure stood at €1,633 million (excluding acquisitions).

The percentage driven by RATP stood at €1,560 million, including:

- 44.7% for increased transport capacity (€742 million in 2016);
- 55.3% for modernisation and maintenance costs (€1,042 million in 2016).

The Group invested €697 million to increase transport capacity. We highlight the following:

- capital expenditure of €565 million for infrastructure works under the State and Regional contractual plan. 2017 saw rapid acceleration in projects launched, in particular those relating to the extension of lines L4 to Bagneux and L11 to Rosny-Bois-Perrier;
- €132 million capital expenditure on rolling stock linked to operations to increase transport capacity: continuation of the programme to acquire 10 MI09s in order to improve the service on RER line A, delivery of MF01s and increase in the purchasing project for the MP14 for the extension of the line to Mairie de Saint-Ouen.

€863 million were invested in the modernisation and maintenance of the infrastructure and rolling stock (excluding rolling stock linked to operations to improve services):

- €748 million in expenditure linked to modernisation and maintenance, which is at a very high level for the third year running, with a significant weighting towards investment in transport systems and infrastructure;
- €115 million in expenditure linked to rolling stock, a sharp drop compared with 2016.

## 2.6. Consolidated net debt

Changes in consolidated net debt between 2016 and 2017 were as follows:

(in millions of euros)	31/12/2016	31/12/2017	Change Dec. 2017/ Dec. 2016
Net corporate debt	5,383.0	5,163.9	(219.1)
RATP leases and miscellaneous	(17.4)	26.9	44.3
Effect of IAS 39	(59.8)	(47.1)	12.7
<b>Net debt EPIC RATP (incl. lease)</b>	<b>5,305.8</b>	<b>5,143.7</b>	<b>(162.1)</b>
Net debt of transportation subsidiaries	164.6	113.7	(50.9)
<i>Net debt – Transportation</i>	<i>5,470.3</i>	<i>5,258.8</i>	<i>(211.5)</i>
<i>Net debt – Engineering</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Net debt – Valuation of Real Property, Marketing &amp; Telecoms</i>	<i>(31.3)</i>	<i>(26.2)</i>	<i>5.1</i>
<b>RATP GROUP CONSOLIDATED NET DEBT</b>	<b>5,439.1</b>	<b>5,232.6</b>	<b>(206.5)</b>
<b>Net debt of subsidiaries</b>	<b>133.2</b>	<b>88.9</b>	<b>(44.3)</b>

Consolidated net debt fell by €206.5 million between 31 December 2016 and 31 December 2017. RATP accounted for a drop of €162.1 million.

RATP's financial strategy consists of harnessing sufficient financial resources to fund its current business, capital expenditure and to repay its borrowings. RATP sources most of its funding on organised or over-the-counter debt markets. RATP has several financing programmes covering both long-term and shorter-term maturities, including:

- the maximum €6 billion Euro medium term note (EMTN) programme;
- the maximum €2.5 billion NEU CPs (ex-Commercial paper) programme.

Ratings awarded by Moody's and FitchRatings provide financial markets with assurance and visibility on RATP's credit. Short and long-term ratings awarded by ratings agencies were as follows at 31 December 2017:

- FitchRatings: AA, F1+ with stable outlook;
- Moody's: Aa2, P1 with stable outlook.

RATP recently implemented a financing strategy that aims to diversify its investor base and place its bonds internationally:

- launch of the Green Bond programme (first issue in June 2017);
- presentation of RATP via international road shows.

This renewed funding strategy was successfully implemented. Throughout 2017, RATP increased its access to international markets, France only accounting for 38% of investors compared with 60% in previous years.

In June 2017, RATP launched its first public issue of green bonds of €500 million with a ten-year term (maturing in May 2027). This inaugural transaction was very well-received by the market, and enabled RATP to diversify into investors committed to the fight against climate change. In the spirit of COP21, RATP confirmed its contribution to the ecological transition by funding the sustainable modernisation of its rolling stock and infrastructure by developing innovative financing instruments. To successfully complete this operation, RATP drafted a framework in line with Green Bond Principles which was validated by the non-financial rating agency Vigeo Eiris.



Net debt was also down €44.3 million for subsidiaries. This primarily involved the Transport division and was due to tight control of working capital requirements.

Group cash flow from operations stood at €1,054 million. Following restatement for the remeasurement of RATP's tax receivable, cash flow from operations stood at €976 million. It covered 108% of the Group's net capital expenditure.

This is the same for both RATP and RATP Dev. In addition, the positive effects of working capital requirements were once again shared evenly between RATP and RATP Dev.

The trend in working capital requirements associated with parent company taxation was positive, with VAT refunds and the monetisation of the CICE more than offsetting payroll tax payments.

RATP monetised its entire 2016 CICE receivable and partially monetised its 2017 CICE receivable (the portion corresponding to RATP's share). This resulted in RATP collecting its €131 million receivable early, in late December 2017.

In addition, RATP recorded higher receipts for the year than from grant calls by public authorities (Île-de-France Mobilités, State, Region, Société du Grand Paris).

RATP Dev's tight control of working capital requirements, combined with the absence of significant acquisitions over the year and the disposal of US assets, helped to reduce borrowing.

## 2.7. Research and development initiatives

The company has conducted several research and development initiatives over the last year.

€4.2 million was allocated to these initiatives in 2017.

## 3. — Outlook

The Group is anticipating higher growth than in 2017 due to the additional services provided under the Syndicat des Transports d'Île-de-France agreement and the launch of new RATP Dev activities in France, Algeria, the Middle East, the United Kingdom and Italy, despite the effects of deconsolidations.

The Group is continuing to invest in new forms of mobility, acquiring an equity interest in Cityscoot in February, the self-service electric scooter rental operator in Paris.

## 4. — Other financial information

### 4.1. Significant post balance sheet events

No significant events occurred between the reporting date and the date on which this report was compiled.

### 4.2. Consolidated net income since 2012

Year In millions of euros	Net income attributable to owners of the company
2012	284.8
2013	292.8
2014	298.2
2015	437.3
2016	171.0
2017	338.9

In accordance with Article 243 bis of the French General Tax Code, we would like to remind you that profit distributed over the last three years was as follows:

- 2016: €0
- 2015: €0
- 2014: €0

RATP EPIC does not pay dividends, in accordance with the terms of its public service agreement with the Syndicat des Transports d'Île-de-France, which specifies that the cash flow from operations released is to be used to invest in modernising Transport Operations and Infrastructure Management.

### 4.3. Maturity schedule for trade payables

In accordance with article L. 441-6-1 of the French Commercial Code, the breakdown by maturity date of outstanding trade payables at year end was as follows:

(in thousands of euros)	Total	Not yet due	Due < 30 days	Due from 30 to 60 days	Due > 60 days
Number of invoices	30,557				
Trade payables incl. tax	285,699	266,189	3,188	1,328	14,994
Total purchases incl. tax	2,866,751				
Trade payables/total purchases as a %	10.0	9.3	0.1	0.0	0.5

### 4.4. Maturity schedule for trade receivables

In accordance with article L. 441-6-1 of the French Commercial Code, the breakdown by maturity date of trade receivables at year end was as follows:

(in thousands of euros)	Total	Not yet due	Due < 30 days	Due from 30 to 60 days	Due > 60 days
Number of invoices	7,478				
Trade receivables incl. tax	87,287	60,334	9,508	6,427	11,019
Revenue incl. tax	4,953,480				
Trade receivables/revenue as a %	1.8	1.2	0.2	0.1	0.2



# Social, environmental and societal information

## Introduction

For its fifth year reporting, the RATP group chose to consolidate social, environmental and societal information on the parent company, 23 subsidiaries of RATP Dev, as well as SEDP. It should be noted that the variations observed from one year to the next result partly from the variation of this scope.

This consolidation perimeter covers 93.6% of the consolidated turnover on 31 December 2017.

The quantitative information shown in the tables concerns the consolidation perimeter, unless otherwise specified.

Qualitative information covers the parent company, 57 subsidiaries of RATP Dev, SEDP, and the other Group subsidiaries: Ixxi, Promo Métro and Telcité/Naxos. This information concerns all or part of these entities.

## The RATP group's CSR policy



In cities around the world, public transport plays a pivotal role in dealing with the growing challenges of corporate responsibility and the environment. The RATP group is actively committed to offering an exemplary response to these challenges and to continuing

to reinforce its economic, social, and environmental contribution across the territories it serves.

The RATP group has long been recognised as a major part of the urban landscape, with its distinctive social role and territorial involvement, especially in the Île-de-France region. Because of its public transport activity, a natural environmental performance tool, the RATP group brings undeniable legitimacy to implementing the sustainable cities of tomorrow, in conjunction with other urban policy actors. In 1999, the RATP group firmly established its commitment to sustainable development by signing the UITP (Union internationale des transports publics – International union of public transport) charter for sustainable development. With the international expansion of its activities, the Group joined the United Nations Global Compact in 2003 and updated its CSR policy in 2017 based on the ISO 26000 standard in particular.

## Participation in the United Nations Global Compact

CSR commitments complete the Group's voluntary participation in the United Nations Global Compact, of which it has been a signatory since 2003. As such, it produces a communication on progress at the GC Active level, which it has been submitting to the UN website since 2010 (<https://www.unglobalcompact.org/participation/report>).

This communication on progress renews the Group's participation in the Global Compact and promotes its commitments to the 10 principles of the Compact in the areas of human rights, labour, environment, and anti-corruption. A table of correspondence correlates the Global Compact principles with our commitments (see appendix).



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

## Sustainable Development Goals (SDGs)

In 2017, the RATP group contributed to the UN's Sustainable Development Goals. The CSR road map concerns 16 of 17 SDGs. The RATP group is not affected by SDG 14 "Conserve marine resources".



17 Sustainable Development Goals to take on the planet's economic, social and environmental challenges.

## CSR governance



The CSR policy, set out in the 2025 Challenges strategic plan, was updated in 2017. It was defined for the RATP group after a material analysis; it complies with the ISO 26000 standard and

UN Sustainable Development Goals. The RATP group is committed to making CSR an axis of performance and shared added value. The Group's new CSR policy is based on cross-cutting governance, at the highest level.

Two bodies were set up to coordinate and steer the process:

- Cersec (*Comité éthique, RSE et conformité* – Ethics, CSR and Compliance Committee). Composed of Comex (*comité exécutif* – Executive Committee) members and chaired by the Chairwoman and CEO, it monitors the progress of compliance programs, corruption risk prevention, and the CSR action programme;
- CSR club. The aim of the club is to roll out the CSR road map and disseminate a CSR culture within the Group through a network of representatives and support tools.

Since 2016, CSR policy has been managed by the parent company's Strategy, Innovation and Development department. It is up to each department and subsidiary to break their CSR commitments down to a more local scale. Numerous specific internal networks make it possible to mobilise employees in cross-cutting CSR action areas.

RATP Dev and the Group's CSR risks are mapped at several levels, by department or subsidiary. Identified risks, including significant risks, are assessed and generate the development of management plans to control the activities concerned (see the section on risk management and internal control and audit functions).

## CSR commitments

Through its CSR policy, the RATP group reaffirms its ambition to be a global leader in smart and sustainable cities with three strong commitments and nine axes:

### Be a major player in mobility and the sustainable city

- Establish a connected and accessible mobility offer
- Act to protect the health of the environment
- Encourage urban integration and functional diversity

### Reduce our environmental footprint

- Reduce the carbon footprint and conserve resources
- Develop the circular economy
- Promote continuous improvement and eco-design measures

### Confirm our social and societal responsibility

- Contribute to the economic vitality and solidarity of regions
- Promote management that encourages workforce commitment
- Ensure fair practices in our value chain

Implementing the CSR road map, which includes 42 action areas, requires the involvement of all employees and the availability of support tools.

## CSR and its sphere of influence

### Stakeholder mapping

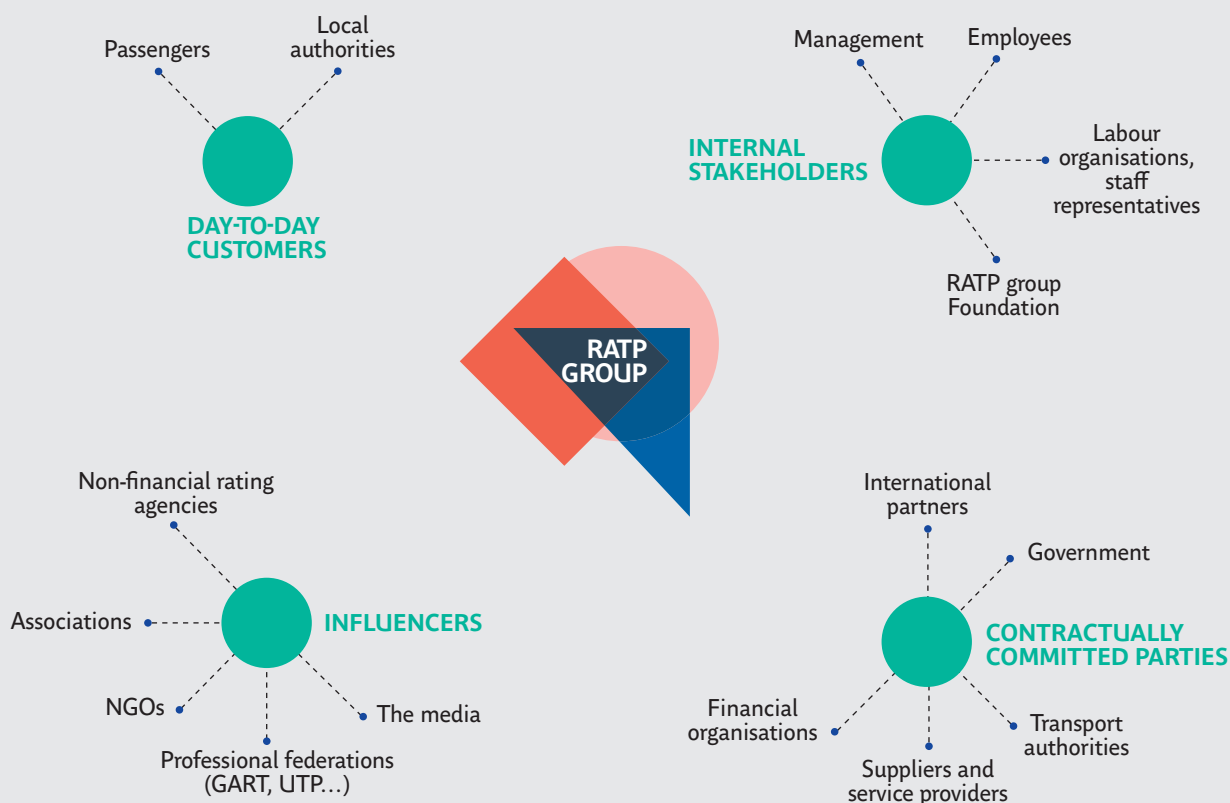


The RATP group has always engaged in constant dialogue at different levels with a range of stakeholders. It has been consulting them formally since 2009 in order to collect their percep-

tions and expectations so as to improve its CSR approach. There are four types of stakeholders:

- **day-to-day “customers”**: customers/passengers; local authorities;
- **internal stakeholders**: employees, managers, labour organisations, staff representatives, CSR club members, Foundation partners;
- **contractual parties** (those with whom the Group has a contractual commitment): public authorities and commercial partners: government, transport authorities, institutions, financial organisations, suppliers and service providers, other partners;
- **influencers**: associations, NGOs, experts, professional federations, the media, and non-financial rating agencies.

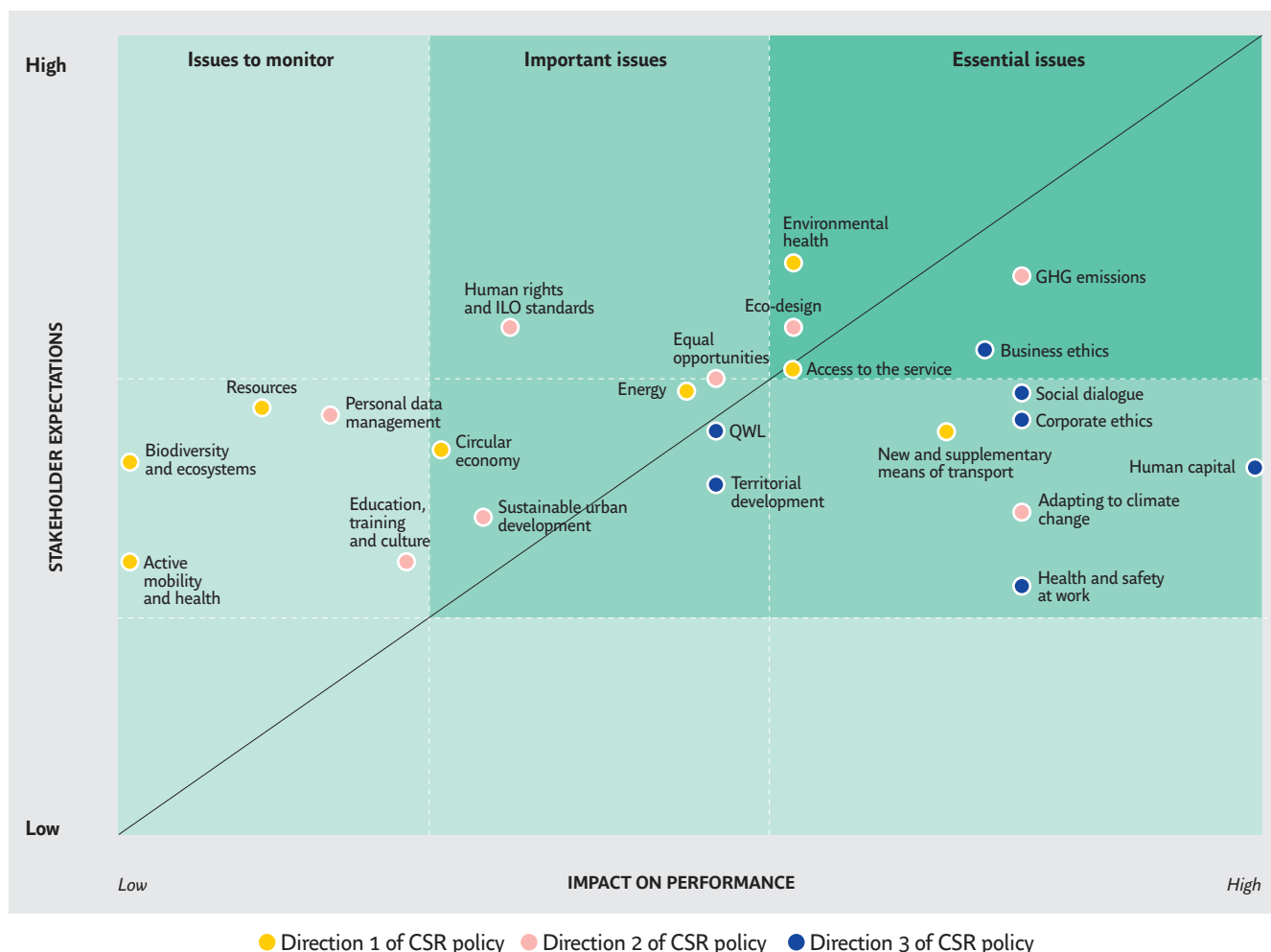
### RATP group stakeholders



To structure this dialogue with all stakeholders, the Group put the following mechanisms in place: material analysis, surveys, agreement with passenger associations, consultation protocol with associations representing persons with disabilities and reduced mobility (see chapter on stakeholder relationships – Societal information).

## Material analysis

In the second half of 2016, a material analysis was conducted to prioritise the issue areas of the new CSR approach. Five priorities were identified as essential, both for stakeholders and Group performance: the impact of Group operations on health and the environment, greenhouse gas emissions, general public access to the service, eco-design at the Group level, and business ethics (see below).



## Promotion and awareness-building tools

To promote employee initiatives and share best practices, the RATP group organised the first edition of the CSR Awards. In total, 46 projects were presented in four categories: human resources, environment, territorial involvement and accessibility. These specific projects, whether modest or large, all have exemplary aspirations and provide stimulation for other teams in the Group.

An e-learning module entitled “The basics of CSR” will also be available in 2018 to educate employees on the Group’s CSR commitments.

## The “Innov & Go” challenge

In 2014, RATP Dev, the subsidiary operating the networks both in France and abroad, launched the “Innov & Go” challenge. It rewards the most innovative, value-added ideas that can be replicated in other Group subsidiaries. The second edition confirmed the innovation dynamic at work within the subsidiary with 118 eligible submissions and 36 subsidiaries mobilised by this challenge.



## Social information

RATP is convinced that by focusing on the men and women in its ranks, it will foster Group performance and development. This is why it is committed to a human resources policy geared to its employees. It intends to continue to strengthen a stimulating work environment and support the professional development of its employees while ensuring it acquires the skills it needs for its development. It pays particular attention to the daily lives of its employees in a collective context that promotes trust.

In terms of employee health, safety and well-being, the Group bases its employer actions on its code of ethics, by emphasising respect for diversity and non-discrimination and by ensuring the quality of working life.

Established on 1 January 2017, Cersec aims to ensure that ethical, social, and societal concerns, as well as integrity requirements, are taken into account at the highest level, so that every employee faced with a unique situation is in a position to make a decision in accordance with both external and internal laws and regulations. During the course of the year, it defined targets in various areas within its competence: creation of a Compliance division and validation of the compliance programme (in application of the Sapin II law), articulation between the CSR road map and target contracts of the departments and entities, changes in the code of ethics and reinforcement of the warning system.

For the first time in 2017, RATP commissioned parent company supervisors to conduct an "Ethical Climate Barometer" survey. Its main lessons were presented to Cersec, with a view to developing an action plan.

## 1. — Employment



### 1.1. Total workforce and breakdown by gender, age and geographic segment

Total Group workforce (parent company + subsidiaries concerned)	31/12/2017	31/12/2016	31/12/2015
Full time equivalents	56,586	55,975	56,728
Workforce present	57,326	56,911	57,801

The workforce report covers the parent company and 23 subsidiaries, i.e. 93.6% of the Group in turnover.

Breakdown by age (workforce present as a %)	31/12/2017	31/12/2016	31/12/2015
Under 26	4.07	4.03	4.18
Aged 26-35	26.97	27.15	27.23
Aged 36-45	33.36	32.95	32.45
Aged 46-55	28.36	28.37	28.80
Aged 56+	7.24	7.50	7.34

Breakdown by geographic segment (workforce present as a %)	31/12/2017	31/12/2016	31/12/2015
France	83.42	82.77	81.61
Europe, excluding France	7.72	7.56	9.01
Rest of the world	8.86	9.67	9.38

Europe is considered geographically and therefore includes Switzerland.

Breakdown by gender (workforce present as a %)	31/12/2017	31/12/2016	31/12/2015
Women	19.29	19.10	18.85
Men	80.71	80.90	81.15

Policies aimed at increasing the participation of women are covered in paragraph 6.1. "Professional and wage-based gender equality".

Gender breakdown by geographic segment	Men			Women		
	31/12/2017	31/12/2016	31/12/2015	31/12/2017	31/12/2016	31/12/2015
France	37,866	37,495	37,640	9,860	9,612	9,533
Europe, excluding France	4,006	3,889	4,657	420	412	551
Rest of the world	4,345	4,660	4,610	736	845	809



## 1.2. Pay and promotions

Pay	31/12/2017	31/12/2016	31/12/2015
Total gross payroll for the Group (in thousand of euros)	2,207,059	2,172,899	2,173,158
RMPP for parent company (mean pay per existing staff member = general policy + category-based benefits + individual benefits)	2.64%	2.00%	2.20%

In 2017, a 0.7% across-the-board raise was granted to parent company employees; this contributed to a 2.64% increase in the RMPP (*rémunération moyenne du personnel en place* – mean pay per existing staff member) against a backdrop of renewed inflation (+1.1%). This indicator reflects the mean increase in wages based on general, individual, and category-based policies for employees in the workforce over the period in question. This indicator can be used to assess mean overall variation in pay and simplifies comparisons with other companies.

In 2017, 91 parent company employees received IMPA (*indemnité de maintien du pouvoir d'achat* – compensation to maintain their purchasing power), launched in the context of an agreement to the benefit of employees whose statutory pay increased by less than inflation over a four-year reference period.

In 2016, 95 people benefitted from this compensation.



## 1.3. New hires and departures

New hires and departures (as a whole number = as an absolute value)	31/12/2017	31/12/2016	31/12/2015
New hires	5,574	4,905	5,465
Departures	4,805	5,174	4,387
• Retirements	1,834	1,858	1,255
• Resignations	1,131	1,235	1,258
• Redundancies	623	742	958
• Other*	1,217	1,339	916

\* "Other" includes contractual terminations, fixed-term contract expirations and deaths.

With approximately 3,700 new hires in 2017, RATP is one of the leading recruiters in the Paris region that has long favoured hiring in a spirit of diversity and encourages a wide range of candidates. Today, RATP is continuing to apply a dynamic employment policy to attract new and talented staff members.

Since September 2017, the RATP Campus has accommodated a CFA (*centre de formation des apprentis* – apprentice training centre) for sustainable urban mobility. The goal is to train 500 apprentices per year by 2020 on jobs with very high demands and responsibility. It also aims to develop the skills of young people according to the expectations of transport professionals and to anticipate the needs of the sector, while allowing for its feminisation. The CFA intends to become the reference centre for learning sustainable urban mobility in the Paris region, capitalising on the know-how of trainers specialising in the maintenance and urban transport professions and on the technical platforms of the Campus. 120 young people have started their apprenticeship to become bus drivers, traffic regulators, station desk staff, or maintenance operatives. New jobs, especially in the maintenance sector, will be offered from 2018. The CFA will also work with various institutions in the Paris region (Aftal, CFA Stephenson, René-Cassin vocational school) through educational agreements.

In 2017, the parent company concluded nearly 250 apprenticeship contracts and just over 200 professionalisation contracts.

Since 2016, it has also offered apprentices from engineering schools, management schools, and universities to carry out the business part of their curriculum within the company.

RATP has also renewed the partnership agreement with the French Army in the context of the deployment of voluntary military service (VMS), a system intended to develop the capacity for inclusion of young people without a diploma and removed from the job market, all volunteers. This system combines civic and military training with behavioural and educational courses, as well as occupational training sessions leading to either a certificate or a preliminary certificate<sup>(1)</sup>. RATP considers that this agreement aims to establish a training route allowing young adults to become bus drivers, with a potential permanent contract or a professionalisation contract.

The parent company is also continuing its collaboration with several departments in both inner and outer suburbs for actions for the benefit of young people without a diploma and up to a high school level graduation diploma, within the context of pre-qualifying systems, co-organised and financed by the institutional partners (regional council, general councils, large conurbation municipalities, etc.). These systems go beyond the integration of individuals with low levels of qualification and also help to develop RATP's policy on diversity

(1) These "trainee volunteers" join the French Army for a period of six to twelve months, depending on their selected training course.

and female participation. In 2017, these initiatives were expanded to the *départements* of Yvelines and Hauts-de-Seine.

## 2. — Organisation of working time



### 2.1. Organisation of working time

Part-time employees (workforce present)	31/12/2017	31/12/2016	31/12/2015
Proportion for the entire Group	3.28%	3.94%	4.17%

Over 96% of Group employees are full-time. Thanks to the parent company, employees wishing to do so can work part-time, which helps them to balance their work and private lives.

Employment contracts define the special rules of part-time work in some RATP Dev subsidiaries due to their specific operating procedures and working structures, e.g. to incorporate fluctuations in inter-urban transport.



### 2.2 Absenteeism

Absenteeism (number of days absent per employee)	31/12/2017	31/12/2016	31/12/2015
All reasons*	13.30	13.19	13.36

\* With the exception of maternity leave.

In the parent company, absences due to illness, including long-term illness, account for almost half of all absences. Information on accidents at work is covered in paragraph 4.3. “Accidents at work (frequency, severity, occupational illnesses)”.

Absenteeism remains high in some operating sectors, which has led to the implementation of an ever-more vigilant prevention and support policy.

Since 2016, the number of days absent per employee in the parent company has been dropping slightly.

## 3. — Social relations



### 3.1 Social dialogue: consultation procedures, bargaining

Social dialogue is a key factor of the Group’s identity and helps boost performance. At the parent company, it refers to the agreement on union rights and the quality of social dialogue, signed in 2011 by all representative labour organisations. This agreement aims to promote constructive social dialogue with a preference for collective bargaining. Every year, the social partners express their opinion on the quality of social relations in connection with the Social Dialogue Committee’s report.

After France Group Committee was established in 2012, on the basis of some 60 French subsidiaries, a European RATP Works Council was set up in 2017, which included 13 Italian and English subsidiaries. It is a place to gather information, to exchange, and to consult on the Group’s situation and strategy at the European level.

In 2017, the social warning system – which is also used by French subsidiaries – fully played its role in preventing social conflict, as only 5% of the warnings activated within the parent company led to a strike notice. This generally constant volume testifies to the vitality of the social dialogue and the continuous search with social partners for solutions to prevent conflicts.

With a conflict rate of 0.5 strike days per employee in 2017 (versus 0.84 in 2016), the parent company is recording a number of strike days per employee close to that of the sector (0.41 strike day/employee, public and private companies combined), in a context of strikes partly related to exogenous causes.

Abroad, Group subsidiaries also encourage proximity and dialogue with employees or their representatives, in accordance with local rules and regulations. Subsidiaries in the United Kingdom maintain a highly structured level of social dialogue and conflict prevention is a key feature of this dialogue, through discussions with labour organisations in the sector or through other types of employee representation. In Algeria, SETRAM adopted a procedure for the prevention of collective disputes and the exercise of the right to strike at the end of 2016. In Morocco, RATP Dev Casablanca is committed to a constructive and sustainable social dialogue in the context of its CSR policy, adopted in 2016.





### 3.2. Report on collective agreements and their impact on economic performance and working conditions

Collective agreements signed during the year	2017	2016	2015
Number of agreements signed during the year	60	62	49

Within the parent company new across-the-board agreements have replaced the previous agreements. These agreements are intended to improve employee working conditions while enhancing the company's economic performance. In 2017, the agreements focused on the implementation of solidarity and assistance schemes for caregivers, as well as on the universal service employment cheque, which the company has pledged.

At Group level, the social dialogue is decentralised and French subsidiaries conduct their own discussion cycles on topics falling within the scope of NAO (*négociations annuelles obligatoires* – mandatory annual negotiations). In 2017, several agreements were signed, notably on pay, gender equality, and participation and/or profit sharing. Other agreements were signed regarding subrogation, the donation of days between employees, mutual company coverage, health and safety policy.

## 4 — Health and safety



### 4.1 Health and safety conditions at work

In its strategic plan, the RATP group confirms it aims to offer exemplary occupational health and safety conditions.

In the context of the 2016-2020 contract signed with Syndicat des transports d'Île-de-France, the parent company agreed to take steps to reduce employee exposure to diesel and fine particle emissions in its underground premises. Commitments to passengers are covered in the environmental section (paragraph 2.1 Releases into the air, water and soil). Since 2016, RATP has spearheaded a scientific council in which various experts in multidisciplinary fields participate in order to prioritise studies conducted by the company on indoor air quality.

In terms of prevention, the parent company relies on an independent health service that employs 33 occupational physicians. The parent company also provides all of its employees with a totally free health-care service, through several medical centres. Pending the opening of

its occupational health centre, initially planned for 2017, RATP El Djazaïr hired a doctor and a nurse and set up a consultation room on its premises.

In terms of employee health, the parent company's Bus department developed a training course on the prevention of drug use and high-risk behaviour in the context of a global approach, launched in 2016 and led by a multidisciplinary group that included department management, officials from occupational risk prevention, the CHSCT, the parent company's Occupational Health department, and the Narcotics unit. The aim is to both build employee awareness on the health and safety risks posed by all types of drug use (alcohol, tobacco, narcotics) and learn how to recognise the warning signs, act on them, and develop a culture of prevention. A first session took place at the end of 2017. As of 2018, the module will be offered to the 16,000 employees concerned over a seven-year period. Transposable to other sectors of the company, this initiative falls within the scope of information and awareness meetings held on the risks of addiction and regularly organised in the Île-de-France bus depots as well as in several French subsidiaries.

In early 2017, the parent company, the CRE (Comité régé d'entreprise – Corporate Governance Committee), the MPGR (Mutuelle du personnel du groupe RATP – RATP group's employee fund), and the USMT (Union sportive métropolitaine des transports – metropolitan sports union of transport) organised the first ever corporate wellness days within the scope of the partnership signed in 2016 and under which each, in their respective fields, pledged to contribute to employee well-being and equilibrium. Proposed activities included a health component, a lifestyle and nutrition component, and a component focussing on the regular practice of moderate physical activity in the workplace. Yoga classes, tai chi, low impact exercise, and Nordic walking, free of charge and open to all, are now available to employees at two locations.

In 2017, a variety of employee wellness initiatives were taken by subsidiaries for the well-being of employees. Following a 2016 assessment, Ixxi introduced a comprehensive approach that combined retrofitting the premises, installing an urban vegetable garden, fresh fruit and vegetable delivery, and yoga classes for employees. FlexCité TAD had a wellness diagnosis done for each workstation. In Algeria, RATP Dev El Djazaïr and the EMA (Entreprise du Métro d'Alger – Algiers metro company) financed a sports complex that includes a soccer field, a multi-purpose sports field and two weight rooms for employees.

For a better work/life balance, several subsidiaries revised the rosters to limit high-intensity or multi-shift services, to provide more visibility on the schedules and optimise their coherence or to ensure more balanced days. Similar initiatives were taken at both RATP El Djazaïr and SETRAM. Likewise, OVS introduced new rosters for commercial agents, which guarantee them greater regularity, despite a later end of service due to the network's extended hours of operation.

Improving working conditions also means reorganising premises for greater comfort, acquiring vehicles with more ergonomic seats or automatic gearboxes, and even providing work clothes and personal protective equipment better adapted to employee needs and the seasons.





## 4.2. Outcomes of agreements on these subjects

At the end of 2011, the parent company signed a five-year agreement on the prevention of psychosocial risks. Since then, an operational consultancy and support platform was created. Managers, union representatives, occupational doctors, and the employees themselves can use this platform within the scope of a procedure known as a “request for attention”. Renegotiation of this agreement is on the corporate agenda for 2018.



## 4.3. Accidents at work (frequency, severity, occupational illnesses)

Accidents at work	31/12/2017	31/12/2016	31/12/2015
Number of accidents with work stoppage	2,301	2,562	2,740
Number of days of stoppage (calendar days)	178,375	174,948	170,672
Number of hours worked (real hours)	82,849,081	82,781,773	83,471,914
Frequency	27.77	30.95	32.83
Severity	2.15	2.11	2.04

In the parent company, the frequency rate of work-related accidents has dropped by 20% over the last two years, from 40 to 32 accidents per million hours worked. In contrast, the severity rate is steady at 2.63 days of stoppage per thousand hours worked, affected by longer stoppage times. The objective set in the context of the CSR policy is to halve the number of work accidents and permanent incapacity within five years.

In 2017, the main causes of work-related accident reports continued to be travel, falls from elevation, and assaults. The latter account for 34% of all work-related accidents with stoppage for 48% of days with stoppage.

The Executive Committee is paying special attention to changes in these indicators. A weekly statistical follow-up attests to the importance of the subject for Group management.

RATP's policy on accident prevention at work has shown a change in the number of reported work-related accidents. However, their severity makes it necessary to continue the process. A mechanism was implemented to accelerate this trend, with actions in four complementary areas:

- prevention of work-related accidents, to better understand their nature;

- their management, to control the reporting and post-accident follow-up processes, with the establishment of a register of benign care for example – where possible – to improve the knowledge of work situations and better target preventive actions;
- raising employee awareness on the prevention and reduction of work-related accidents, to increase understanding of the issue and its challenges and gain greater support;
- ensuring the professional operator approach by providing them with the necessary skills and knowledge to deal with these issues according to their level of responsibility and assignments. For example, the introduction in 2017 of an e-learning course for those in charge of submitting workers' compensation declarations contributes to meeting this objective.

A health and safety approach built around the principle of continuous improvement and placing management at the heart of the process will materialise through the deployment of a health and safety policy aimed at promoting a safe and stimulating work environment.

Regarding the prevention of risks associated with the intervention of external companies, all the forms and guides are available on the RATP intranet site. In 2017, over 450 employees involved in the process benefitted from the training programme.

In terms of prevention, RATP Dev is pursuing an ambitious OHSAS<sup>(1)</sup> 18001 certification programme as part of the Group's operational excellence programme. This certification demonstrates the rigour of safety management and risk prevention. The Original London Sightseeing Tour (TOT), which has been certified since 2016 by the British Standards Institution, also received the “Sun safe workplace” accreditation for measures taken to protect employees working abroad.

Other actions were taken, in keeping with those implemented in 2016, more particularly in terms of assessing the risks or the physical strain of each workstation, as well as identifying and/or treating the psychosocial risks related to stress.

Also, many subsidiaries that operate bus networks regularly organise road safety awareness days in partnership with road safety organisation, police or French gendarmerie services, and mutual benefit organisations, as is already the case at the parent company.

Every year, RATP occupational medicine performs 45,000 clinical medical examinations and over 4,000 screenings for occupational illnesses. In addition, a partnership has been in place since 2013, between the parent company and the National Institute for Public Health Surveillance, the purpose of which is to create an epidemiological surveillance system to better identify potential risk factors for employee health. This partnership was formally established in 2014 as part of a three-year agreement.

In 2017, the parent company reported 96 occupational illnesses for that year compared with 103 in 2016 and 121 in 2015. The majority of these were peri-articular affections caused by particular gestures and postures at work. Since 2014, the number of reported occupational illnesses has dropped by 32%.

The parent company remains heavily mobilised in its support of incapacitated employees and is committed to finding solutions to ensure their continued employment. The parent company relies on

(1) Occupational Health and Safety Assessment Series.

the involvement of the entire management line in these matters and on the actions of the mission to prevent and manage employee incapacity, which aims to prevent work situations likely to make employees unavailable for work and facilitate their return or, if necessary, their re-employment. Because of these joint efforts, the number of temporarily incapacitated employees dropped significantly in 2016.

Training actions regarding accident prevention are covered in Part 5. "Employee training".

## 5 — Employee training



### 5.1 Policies implemented

Training is a structural component that allows employees to develop their skills throughout their professional lives and ensures long-term RATP group performance in social, human, and economic terms.

In the parent company:

- three out of every four employees are trained annually and the training plan devotes about 6.8% of gross payroll to training;
- training is governed by two instruments: the 2013 agreement on continuous vocational training and the 2015-2017 triennial guidelines on vocational training.

The RATP group has a university the objective of which is a shared common culture. The university federates all Group employees, regardless of category, background or occupation, around a cross-cutting range of training courses, especially in the field of management. Its mainstay is a training centre, the Campus, which is more specifically dedicated to employment integration and professional development.



### 5.2 Total number of training hours

Training	2017	2016	2015
Number of training hours	2,425,368	2,386,476	2,573,122

In 2017, the Group continued its online staff awareness programme on the challenges and applications of digital technologies. Goal: to familiarise staff with the new digital environment that modifies tools, organisations, and such processes as day-to-day business relationships. Since the end of 2016, nearly 11,000 employees have obtained their digital passport.

Beyond statutory requirements, subsidiaries have implemented training courses in several major areas, frequently linked to the prevention of work-related accidents: first aid and fire safety; prevention and

management of conflict situations; gestures and postures to adopt at the work station, particularly to prevent musculoskeletal disorders<sup>(1)</sup>; accessibility and support for persons with reduced mobility, more often than not in partnership with specialist associations; eco-driving and road safety; quality of service and business skills; fight against discrimination.

In 2017, Selwyns was audited by National Express and obtained the Engineering Gold Standard for maintainer training. This label is an acknowledgement of the quality of the training provided by the subsidiary.

## 6. — Diversity and equal opportunities

Reflecting the diversity of the persons it transports, RATP group offers access to various professions to those who wish to join it.

Convinced that feminisation and diversity are performance factors, it ensures the diversity of its employees and encourages women's access to all its professions, including technical, in the areas of operation, maintenance, engineering or support functions.

The Group is confirming its position as a talent integrator, respectful of all differences, and offers each person who joins it the opportunity to develop his professional potential irrespective of his background, origin, characteristics or disability.



### 6.1 Professional and wage-based gender equality

The fourth agreement on professional and wage-based gender equality within the parent company was signed in 2015 and approved by all representative labour organisations. This agreement follows the 2012 agreement, the targets of which were achieved.

This agreement establishes four key commitments:

- the commitment to make every effort to increase the proportion of women working in the company;
- a commitment to favour paying female employees on maternity leave and both men and women on paternity or adoption leave;
- a commitment to ensure the work/life balance of its employees thanks to reasonable meeting times and reasonable use of telephone and e-mails;
- a commitment to increase the number of women on management boards to match, as much as possible, the proportion of women in the management category in each department.

These commitments were achieved in 2017 through targeted actions in partnership with business associations, the European Union and the Ministry of Education.

(1) This type of awareness-building is also organised in the parent company's Bus department.

The parent company's Human Resources department, in conjunction with the operational units, continues to take and reinforce actions in favour of gender equality: in December 2016, a working group was established to promote the inter-departmental exchange of best practices. Human Resources also works closely with the company's most relevant sectors to implement actions aimed at hiring more women.

The parent company also distributed an information leaflet to employees on professional and wage-based equality, in electronic and paper versions. It is now one of the documents given to new employees.

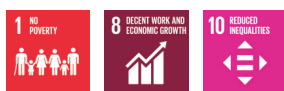
Within the scope of the programme to feminise occupations, RATP participated in the "*Elles Bougent pour le ferroviaire*" (They move for the railway) operation by introducing more than 100 school girls and women students to the transport sector and its professions.

In 2017, the proportion of women working in the parent company rose slightly to 20.6% (versus 20.3% in 2016). The CSR policy objective is to reach the 23% bar of women in the overall workforce by 2020.

RATP Dev's goal is to feminise the workforce of all of its subsidiaries. This will also be reflected in the pay equity agreements signed or in negotiation in 2017. RATP Dev North America launched the "Women in Leadership" programme to empower women to develop their leadership potential. For RATP Dev, the target is to reach 20% of women in the overall workforce (30% of women in executive positions) by 2022.

Gender equality	31/12/2017	31/12/2016	31/12/2015
Percentage of women in total workforce present	19.22%	19.10%	18.85%
Percentage of women in senior manager positions	35.49%	33.04%	28.88%

Currently, 4 of the Group's 10 Executive Committee members and 11 of RATP's 27 members of the Board of Directors appointed in 2014 are women, i.e. approx. 40%.



## 6.2 Employment and integration of persons with disabilities

Employment and integration of persons with disabilities	31/12/2017	31/12/2016	31/12/2015
Number of persons with disabilities hired	129	95	88
Total number of employees with a declared disability	1,804	1,744	1,685

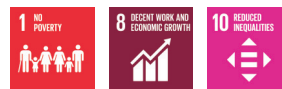
At the end of 2015, a seventh agreement concerning persons with disabilities at RATP was signed for the 2016-2019 period with the participation of all the representative labour organisations. Under this agreement, the parent company agreed to continue its proactive policy in favour of persons with disabilities and mobilise all company stakeholders to that effect. The agreement notably sets a target to

hire at least 125 persons with disabilities over a four-year period. The agreement also provides for initiatives to maintain the latter in employment on the basis of fair allocation criteria (workstation adaptation, telecommuting, purchase of adaptive equipment, etc.), increased employee awareness, and the implementation of a solidarity policy in the sheltered sector by entrusting the provision of the services to ESAT (*établissements et services d'aide par le travail* – establishments or organisations that help persons with disabilities find work) or EA (*entreprises adaptées* – disability-friendly companies).

In 2017, the parent company hired 92 persons with disabilities. 214 job-retention initiatives were taken for 148 employees with disabilities, with a significant increase in ergonomic workstation studies and special workstation upgrades in the context of teleworking. RATP employs a total of 1,609 persons with disabilities.

In 2017, nearly 400 employees attended a disability awareness module. It provides information on the legal risks involved in discriminatory behaviour, details the measures implemented by the company, and presents the best practices that promote team integration of employees with disabilities. The objective of this e-learning module, which is also accessible to the visually impaired, is to change perspectives on disability.

In France, STI Centre continues to be at the cutting edge in terms of employment and the integration of persons with disabilities and is proactive in this area: the subsidiary has about 20% of workers with disabilities at one of its sites. Cars Dunois are also very involved, with an employment rate for workers with disabilities at 14% in 2017. These subsidiaries, such as Cars Perrier, consistently work with the Sameth (Service d'appui au maintien dans l'emploi des travailleurs handicapés – Service to sustain the continuous employment of workers with disabilities) in order to better support these employees.



## 6.3 Fighting discrimination

The introduction to the code of ethics adopted in 2011 reiterates the Group's six shared values: people, dedication to the general interest, respect, professional approach to customer service, a taste for challenges, openness<sup>(1)</sup>. It defines respect for people, full compliance with regulations, and respect for the environment as fundamental principles of action.

In the fight against discrimination, the parent company is involved in several areas by its signature of agreements with labour organisations: disability (since 1994), gender equality (since 2003), social integration (since 1996) and age management (since 2009) through its agreement on the projected management of jobs and skills and support of projects for change in 2016. These agreements are continuous with other significant actions, such as adherence to the Diversity Charter in 2004.

In 2005, the principle of neutrality was included in employee contracts and in the by-laws of each parent company establishment. In 2013, the Group distributed a practical guide to its managers on *Laïcité et neutralité dans l'entreprise* (secularity and neutrality in a company environment). In 2014, this guide was adapted for the

(1) An information brochure summarising company values in particular is handed out during each new job interview.

Group's French subsidiaries (*Traitement du fait religieux dans les filiales françaises du groupe RATP* – how to handle religion within RATP group subsidiaries in France) and reiterates the legal principles and rules applicable in subsidiaries, depending on whether a public service is offered or not. RATP was one of the first leading French firms to provide such a guide, based on practical fact sheets, to manage the different situations likely to arise in the workplace. In 2017, the practical casebook that supplements the secularity and neutrality in the company environment guide was updated for managers.

At the end of 2015, the parent company created a General Ethics unit in reinforcement, to provide specific assistance to local managers, and ensure the effective application of the secularity clause in the employment contract.

The roll-out of the “Working together at RATP” plan continued. Developed by the General Ethics unit in consultation with the departments and labour organisations, it reaffirms the principles of secularity, neutrality, and non-discrimination and makes clear that, in a company entrusted with a public service mission, the rules of neutrality are vital. A progress report was produced with the labour organisations.

In 2017, in the context of this initiative, various training actions were taken:

- in 2017, a first cycle of conferences on the management of religion in the company was completed. A second cycle, devoted to meetings with persons of faith, began;
- eight Management Club sessions were organised with the Group's University on managing religious teachings (up to 200 managers per session). Elected staff representatives were involved in and invited to these trainings;
- a “Public service, secularity, neutrality” module was added to instructor training in the context of a shift in training initiatives closer to the field. 150 employees benefitted from it;
- the serious game “ProDiversité”, developed in 2016 in partnership with SNCF, continued to be rolled out in 2017. This educational tool is used to not only train new employees on issues pertaining to diversity and non-discrimination, but also to give managers the appropriate reflexes to find the solutions adapted to these matters.

As in 2016, RATP supported the *Journée nationale de la laïcité* (National secularity day), when each company unit or entity was invited to organise events related to such issues as secularism, neutrality and non-discrimination.

The subsidiaries apply these same principles of non-discrimination, in accordance with the national legislation. In France, some use mechanisms to guarantee the objectivity of selection criteria during hiring, such as the Pôle Emploi (French job seekers' office) simulation method. Others proceed by collegiate decision for each recruitment.

Abroad, several subsidiaries have a code of ethics or ethics charter that incorporates the Group's values and reaffirms its commitment to fighting all forms of discrimination. For greater efficiency, Sun Link in the United States and Yellow Buses in Britain strengthened their reporting and investigation of discrimination.



## 7 — Promotion of and compliance with the provisions of International Labour Organization (ILO) conventions

Intended for managers, the *RATP group's Code of ethics* is in line with the commitments made by the parent company, which joined the United Nations Global Compact in 2003 and thus committed to respecting the 10 founding principles in terms of human rights, working conditions, the environment and the fight against corruption.

The code of ethics reiterates such major principles as respect for the commitments of Group employees and the vigilance exercised to avoid passively contributing to any form of forced labour, whether of adults or children, including by suppliers. Eliminating professional and labour discrimination is a full-fledged policy (see paragraph above). The code of ethics is available on the Group's intranet, in both French and English.

In addition, the proper application of ILO principles is also verified as part of the targeted supplier audit programme (societal section, paragraph 4.1. “Preventing corruption and promoting human rights”).

RATP Dev subsidiaries, particularly in the United Kingdom and the United States, have incorporated the ILO principles for many years and these principles are included in national or federal legislation. Consequently, all suppliers must comply with the Ethical Trading Initiative Base Code<sup>(1)</sup>.

(1) International reference on good labour practices, as recognised by the ILO.

## Environmental information

### 1 — Environmental policy

The second strategic orientation of the RATP group's CSR policy is to reduce its environmental footprint.

In 2017, the parent company issued its first green bonds to fund investment in a variety of worthy projects centred on energy efficiency, the fight against climate change and air quality. The RATP group participated in the One Planet Summit, as one of 91 French companies committed to the fight against climate change through the French business climate pledge.

To reduce its environmental footprint, the Group set several convergent objectives:

- reduce greenhouse gas emissions by 50% and energy consumption by 20% per passenger/km by 2025 (against the 2015 reference) by addressing the energy transition challenge;
- reduce nuisances caused by Group activities by pursuing the environmental health aspect of the CSR policy. RATP is targeting a zero PNB (*point noir du bruit* – black point spot) in Île-de-France by 2020. It also committed to reducing employee and passenger exposure to diesel emissions and fine particulates in its underground areas;
- integrate the circular economy at the heart of company operations, by preparing and deploying an ambitious action plan ranging from eco-design to recycling to responsible purchases;
- manage consumption and reinforce continuous improvements policies by targeting certification programmes (ISO 14001, OHSAS 18001<sup>(1)</sup>, ISO 50001) in particular;
- continue with restructuring operations for industrial sites to more effectively integrate them into urban life;
- limit the environmental impact of purchases by integrating environmental requirements into specifications or promoting eco-responsible bids using CSR rating criteria.

#### First green bond issue

In June 2017, RATP issued its first green bonds to support its CSR policy and assert its resolve in meeting the climate change and sustainable cities challenge. Green bonds are bonds in the classic sense, except the funds are raised exclusively for projects and activities that generate environmental benefits.

For RATP, this 500-million-euro operation was an opportunity to diversify its panel of investors. It will finance the RATP share of three major projects:

- replacement of RER suburban line A rolling stock fleet, the busiest urban rail line in Europe with more than 1.2 million passengers a day;
- automation of metro line 4, the Paris metro's second busiest line;
- purchase of dual-mode electric/catenary light rail motor tractors for RER infrastructure maintenance.

To keep investors informed on the financial and technical progress of these three projects, an impact report will be published on the company's website as of June 2018 and on every issue anniversary after that, via [www.ratp.fr](http://www.ratp.fr).



#### 1.1 Group organisation on environmental matters

RATP group departments and subsidiaries adapt their own environmental priorities to match their activities. Responsibilities are delegated to the departments and subsidiaries in terms of compliance with environmental regulations and the creation of environmental management systems certified as per ISO 14001. Consequently, SEDP, the Group's real estate engineering subsidiary, launched its own sustainable development policy and the resulting objectives are included in the subsidiary's objectives contract and medium-term plan. Only management of ISO 50001 certification is led across the board at parent company level.

The Group is also engaged in a large-scale operation to certify its activities: QSE (quality, safety, environment) for most of its industrial activities, EFQM<sup>®(2)</sup> and ISO 50001 (energy management). Consider the evidence:

- progression of QSE certifications within the parent company. Regarding ISO 14001, 82% of parent company industrial sites were certified at the end of 2017. The parent company's goal is full certification by 2020;
- obtaining ISO 50001 certification on a perimeter established by the parent company at the end of 2017.

(1) The BS OHSAS standard (British standard occupational health and safety assessment) is an occupational health and safety management system.

(2) European foundation for quality management.



This certification plan is part of the operational excellence programme, one of four priorities in the Group's strategic plan. This programme addresses four challenges: anchoring continuous improvement of performance in operational management; building on success; learning from failure; enhancing Group know-how as a lever for development.

### Group subsidiaries are committed!

The subsidiaries are committed to developing the Group's CSR policy:

- the CTY subsidiary in La Roche-sur-Yon is committed to a CSR approach in accordance with the ISO 26000 standard. With FACE Vendée in 2017, CTY participated in the launch of the Vendée CSR platform, which aims to federate the CSR initiatives of local voluntary companies;
- STDM (Société des transports départementaux de la Marne) and STI Centre (Société des transports interurbains du Centre) renewed their commitment to the Ademe Objectif CO<sub>2</sub> charter, "les transporteurs s'engagent" (the carriers are committed), for a period of three years, in order to reduce CO<sub>2</sub> emissions;
- OnlyVal Service was awarded the first level of the EFQM® – Committed to Excellence programme by Afnor;
- the Ixxi subsidiary is implementing a QHSE system (quality, health, safety, environment).

The results below attest to the company's dynamic.

Certified industrial sites (parent company)	31/12/2017	31/12/2016	31/12/2015
Number	81	75	73

At the end of 2017, 82% of the parent company's industrial sites were ISO 14001-certified.

Industrial sites equipped with an environmental management system (parent company)	31/12/2017	31/12/2016	31/12/2015
Number	87	86	86



## 1.2 Employee training and information on protection of the environment

Training includes many across-the-board and specific courses (waste management, ADR<sup>(1)</sup>, environmental site management, internal audits, etc.). At the local level, all parent company industrial sites with an EMS train staff and service providers on the environmental component of the CSR policy, as well as on compliance obligations and emergency situations.

In 2017, 7,623 hours of across-the-board training were devoted to training and education parent company employees: 1,512 employees

benefitted from this training. Some of the many mechanisms in place to educate employees on the challenges of sustainable development and QHE (quality, health, environment):

- organisation of "Trophées RSE" (CSR Awards) with an "environment" category: 13 projects were entered in this category;
- promotion of internal networks (internal auditors, QHE, Energy Steering Committee, both across-the-board and locally);
- awareness-building of new hires and "un quart d'heure QSE" (QHE quarter of an hour) sessions organised regularly on certified industrial sites;
- ensuring subcontractors and suppliers are aware of the Group's environmental commitments;
- internal communications, accessible to all employees (intranet, awareness of eco-habits for tertiary employees) and mornings of exchange on sustainable development;
- internal reviews with subsidiary department heads (SEDP and RATP Dev) and the parent company at Comex level.

### Eco-driving or managed driving

Bus driver training organised by the parent company focuses on the links between driver behaviour, fuel consumption and premature wear to stock. This training is systematically included during initial and continuous training of 15,000 bus drivers. An annual Eco-challenge rewards bus lines and maintenance centres with the largest reductions in fuel consumption (see Chapter 4-3 on energy consumption and the use of renewable energy sources, regarding eco-driving box tests).

Number of training hours (parent company)	31/12/2017	31/12/2016	31/12/2015
Number	7,623	8,680	7,894

Several RATP Dev subsidiaries also offer eco-driving training: STI Nièvre devotes at least three hours of individual training a year to eco-driving and the Mobicité and FlexCité 92 subsidiaries have driving coaches. The first-line supervisory staff of the CTY subsidiary in La Roche-sur-Yon regularly conduct driving audits in commercial situations alongside drivers to help them reduce fuel consumption.

Ixxi raises the environmental awareness of its employees and, more particularly, their awareness of organic farming by means of a community vegetable garden (see Chapter 6 – "Protection of biodiversity"). Telcité/Naxos teaches its suppliers through adherence to a responsible purchasing charter.



## 1.3 Resources dedicated to preventing environmental risks

The parent company is committed to reducing pollution and other factors that adversely affect the health of passengers, local residents and its staff, as well as to adopting a vigilant and preventive approach to emerging risks. It is constantly monitoring and providing expertise while ensuring the conformity of its classified installations for environmental protection. It also ensures that discharges reach the drain-

(1) European Agreement on the International Carriage of Dangerous Goods by Road.

age network in a compliant manner on all sites and multiplies its initiatives to establish buses as an exemplary form of sustainable urban transport in terms of sustainable development via the Bus2025 plan (mentioned in paragraph 2.1 “Pollution – Releases into the air, water, soil”).

As an environmental priority, underground air quality is subject to a continuous action plan (see Chapter 2-1 for more details):

- continuous monitoring network in several metro and RER stations;
- periodic measurements at various locations in the underground network;
- improvement of air circulation in metro stations;
- evaluation of occupational exposure;
- modernisation of the train fleet.

## Managing and treating environmental risks

The general delegation for risk management supports departments and subsidiaries with the preparation of their risk maps. Treatment plans for significant risks and specific commissions are created. In London, the TOT subsidiary developed a disaster directory.

## Resources dedicated to the prevention of environmental risks and pollution:

- an RATP laboratory accredited by Cofrac (Comité français d'accréditation – French accreditation committee);
- a toxicology unit within the Occupational Health department;
- a network of internal auditors for ISO 14001, ISO 9001 and OHSAS 18001;
- a safety advisor for the transport of dangerous goods and a network of technical advisers (classified installations, noise and vibrations, air quality, electromagnetic compatibility);
- appointment of environment facilitators or QHE heads in parent company departments and at RATP Dev: for example, TP2A (Transports publics de l'agglomération d'Annemasse – public transport in Annemasse);
- audits: CTVH (Compagnie des transports du Valenciennois et du Hainaut – transport company of Valenciennois and Hainaut) commissioned a full company audit on the three QHE themes. The goal is to obtain an integrated certification in the years to come.

## ICPE (*installations classées pour la protection de l'environnement* – Classified installations for environmental protection

The RATP group operates ICPE installations that can generate a variety of risks: fire, explosion, noise, various types of pollution. ICPE installations are listed as per the nomenclature of classified installations based on the quantities and dangerousness of the substances used or stored there, and depending on the environmental risks inherent to site activities.

As at the end of December 2017, the parent company operated 172 ICPE at 62 sites. ICPE maps especially cover: maintenance workshops, cleaning activities, refuelling stations at bus depots, covered warehouses and storage activities, heating, accumulator charging

(including charging electric vehicles), woodworking and mechanical metalwork workshops, etc.

At RATP Dev France, several subsidiaries have initiated diagnostics to prepare their ICPE declaration: STIHS (Société des transports interurbains de Haute-Savoie – Intercity transport company of Haute-Savoie), TIMBus in Magny-en-Vexin, Cars Dunois, CTGMVA (Compagnie des transports du golfe de Morbihan – Vannes Agglomération – transport company of the Gulf of the Morbihan – Vannes Agglomération), Gem'Bus and Moulins Mobilité.

## Electromagnetic fields

An EFC (Electromagnetic Fields Commission) provides regulatory and technical health monitoring to control electromagnetic radiation. With the general availability of 3G/4G on the Paris network, rules have been defined with operators to reduce, as much as possible, passenger and staff exposure in each station and tunnel. In 2016, the EFC attempted to map emissions in compliance with decree No. 2016-1074 of 3 August 2016 on protecting workers against the risks inherent to electromagnetic fields.

## Underground air quality

See Chapter 2.1 on releases into the air, water and soil for more information.

## Consideration of acoustics and vibrations

See Chapter 2.2 on the consideration of noise pollution for more information.

## Major risk of flooding in the Île-de-France region

RATP was one of the first operators to draft its own flood protection plan (PPCI). This plan has been established as a regulatory document and was officially recognised and validated by the Prefect of the Region in January 2015. The purpose of this plan is to protect infrastructure and rolling stock and provide for company reorganisation during a flood. RATP is currently reviewing this document to present a new version to the Prefect of the Region in early 2018. RATP is continuing to improve this tool using feedback from the Sequana 2016 exercise and the June 2016 flood in particular. The action plans that followed this feedback were mainly deployed in 2017.

## Worksites with low environmental impact in the Île-de-France region

The company launched a guide entitled “*Mise en place d'une démarche de chantier à faible impact environnemental*” (Organising worksites with low environmental impact). This guide can be used to prevent environmental risks and identify solutions prior to work phases. It was applied in 2017 for the Line 11 extension project in Rosny Bois-Perrier.

The company also conducts environmental checks and audits on a sampling of worksites: in 2015, it signed the 7<sup>th</sup> protocol of worksites

in good standing in the City of Paris. SEDP implemented a “*Chantier à faible impact*” (low-impact worksite) charter for subcontractors involved in works and operations. In practical terms, on the Bagneux technological building project, this resulted in 92% of upgraded work-site waste (i.e. nearly 260 tonnes of waste), mostly due to the innovative treatment of polluted land.

## 1.4 Provisions and guarantees for environmental risks

As no risk was identified, RATP has no environmental provision. At the end of 2017, the RATP group was not subject to any significant regulatory obligation to provide financial guarantees for the main environmental risks mentioned in Chapter 1.3 on the resources dedicated to prevention.

# 2 — Pollution



## 2.1 Releases into the air, water and soil

Because of the nature of its activity, the RATP group is one of very few companies to exercise a large-scale industrial activity in urban areas. The prevention of all forms of pollution is therefore at the centre of its concerns and justifies the investments committed beyond legal regulation to operate rolling stock and industrial buildings, which are ever more environmentally friendly.

### Protecting air quality in the city

Bus2025: in 2014, RATP set itself the ambitious challenge of converting its Paris fleet of 4,600 buses over to electrical power and biogas via the Bus2025 plan with the support of Île-de-France Mobilités (the public transport authority for the region). By the end of this replacement programme, the company will have a 100% low-emission fleet, in line with RATP targets to reduce GHG emissions by 50% (base 2015).

RATP Dev subsidiaries are gradually replacing their fleets with “clean” vehicles (Euro 6, hybrid, biofuel or electric vehicles):

- Vienne Mobilités plans to acquire VNG buses and Cars Perrier, already Euro 6 and hybrid, for implementation of electric buses;
- the Open Tour subsidiary in Paris has set a target of operating a fleet of zero-emissions all-electric buses;
- RATP Dev London operates 246 hybrid buses in London, representing 25% of its fleet of 1,000 buses to date (for the record, there were 241 hybrid buses in 2016). By 2018, LUB (London United Buses) will operate two all-electric bus lines that will serve the ULEZ (ultra low emission zone) areas in the heart of central London (see box below and paragraph 5-1 “Climate Change – Significant sources of greenhouse gas (GHG) emissions”).

## Shepherd’s Bush: first zero-emission bus depot in London

RATP Dev London is making the necessary adaptations to accommodate the two all-electric lines with the installation of electric charging systems. Depot operations are starting to be powered by wind turbines and solar panels. The goal is to gradually transform Shepherd’s Bush into a depot with an all-electric fleet and a site with zero environmental impact. This transformation would position it as the first zero-emission bus depot in London.

### Improving air quality below ground in the Île-de-France region

Air quality below ground is continuously monitored at three RATP underground network stations. The results of actions and the annual report for this surveillance have been available on the company’s website since 2008. Spot measuring operations reinforce this surveillance. In 2017, the company initiated phase 2 of the mortality study for the period 2000-2012 in conjunction with Santé Publique France (Public Health France). Initial results of the study will be published in the first half of 2018.

For more than a decade, RATP has invested substantially in creating, replacing and reinforcing mechanical ventilation systems to ensure air circulation below ground: €45 million planned between 2016 and 2020.

In 2016, a contract for repowering six light rail motor tractors was signed for €2.15 million. Re-entry of the first vehicle into circulation will be completed in the first quarter of 2018.

RATP will use light rail electric motor tractors for RER infrastructure maintenance. The project plans to replace light rail diesel motor tractors with 12 dual-mode light rail motor tractors, powered by battery or 1,500 V catenary. These vehicles will be used for RER infrastructure maintenance and will improve the working environment of staff in tunnels by reducing noise and eliminating the emission of pollutants. The first two vehicles are scheduled to arrive in 2019 and the following ten in 2020.

### Water quality

The quality of waste from industrial sites is also a priority for the parent company. It regularly conducts compliance analyses and monitors the proper operation of ERI (*eaux résiduelles industrielles* – industrial waste water) treatment facilities. This point is also expanded on in Chapter 4.1 on water consumption.

Nearly 50% of the paint products used by the department in charge of bus rolling stock maintenance are water-dilutable products that limit pollution and considerably reduce employee exposure to dangerous products.



Various preventive measures are also being implemented in RATP Dev subsidiaries, such as environmental exercise programmes, pollution control kits, chemical management, storage compliance measures (double-wall tank type), as well as the renovation or replacement of the most polluting equipment, etc.

## Soil discharges

To permanently preserve the soil from any form of pollution, the parent company deploys numerous measures:

- in the study phase: a case of soil pollution is detected during impact studies or at the end of activities depending on the project;
- in the operations phase: preventive and corrective measures are taken as per ISO 14001 (retention tanks, ERI station, emergency procedure, etc.) or in managing ICPE activities (shutdown of sewage outflows in particular).

RATP Dev subsidiaries also implement preventive and corrective measures. They are investing in the acquisition of *ad hoc* industrial equipment: installation of storage facilities (Hong Kong Tramways and BOC, which operates the Gautrain, the regional express train in South Africa), special tanks to hold fluids and lubricating oils, as well as double wall tanks for AdBlue<sup>(1)</sup> tanks or double skin oil tanks as the Cars Dunois subsidiary in 2017. Likewise, in November 2017, STI Centre neutralised three tanks (cleaned, degassed and filled with cement) for €3,500 excluding tax.

Beyond these regulatory obligations, the majority of RATP Dev subsidiaries use “green” solvent-free or soap-based cleaning and maintenance products to avoid discharging pollutants into the soil. In the United States, for example, RATP Dev NA subsidiaries are increasingly using environment-friendly green cleaners.

## Preventive actions on projects and worksites

When planning works, preliminary preventive communications are organised upstream for local residents as part of projects managed externally. Possible nuisances (dust, road pollution, noise, etc.) are analysed for preventive action: truck washing areas, dust watering, installation of temporary noise barriers, etc. These measures are being implemented for the new Vaugirard workshop site, managed by the SEDP, and the worksites for the line 4, 11 and 12 extensions.

At the RVB (*renouvellement voie ballast* – track ballast renewal) worksite for RER suburban Line A, an anti-pollution device was installed at each overflow point to prevent discharges to water. The quality of the waste water was measured weekly by RATP and the contract holder.



## 2.2 Noise pollution

The parent company’s strategy regarding noise and vibrations is based on five fundamental principles:

- reducing noise at the source;
- prevention (careful nuisance management);
- launching corrective actions (noise barriers, rail grinding, etc.);
- permanent dialogue with stakeholders (local residents, local elected representatives, etc.);
- investment in research programmes.

### Complaints made by local residents

In 2017, 499 complaints were received by the parent company, reflecting the variation in residents’ sensitivity to noise and vibrations. The parent company responds to all complaints from local residents in the Paris region within twenty one days: this ranges from in-depth diagnostics on infrastructure to acoustic and vibratory measurements at the complainant’s home.

In London, RATP Dev’s TOT subsidiary set up quiet zones in depot areas closest to residential buildings. In the event of complaints, local management directly contacts local associations to settle disputes. RATP Dev London regularly educates its maintenance staff by means of poster campaigns. Selwyns installed a noise barrier behind their depot and strict instructions were given to stop the engines at certain times of day (antisocial hours).

Claims by stakeholders related to noise and vibrations	31/12/2017	31/12/2016	31/12/2015
Number	499	739	734

### Reducing noise pollution

The parent company implements the following for its Paris region network to reduce noise and vibrations:

- for worksites: establishment of a nuisance management plan, upstream modelling of impact of works to adapt methods and working techniques accordingly (hours, processes, communication with local residents and authorities) as well as continuous monitoring systems for noise and vibration;
- replacement of existing rolling stock with quieter equipment. The most recent equipment on tramways helps reduce noise levels by three and 4.5 dB(A) compared with the older rolling stock due to changes in pneumatic or railway technology;

(1) AdBlue: an aqueous solution used as part of SCR technology to transform NOx, exhaust gases from diesel engines, into nitrogen and water vapour.

- for future projects: conduct of an upstream study of acoustic and vibratory impacts to design preventive solutions so as not to downgrade the quality of life for local residents. Special attention is paid to avoid the creation of a BPN (*point noir du bruit* – black point spot for noise with single or multiple sources).

In addition, the company provides the prefects of the departments affected with the classifications of its infrastructure and noise maps drafted as per European directive 2002/49/EC. It also actively contributes to preparing ENPP (*plans de prévention du bruit dans l'environnement* – environmental noise prevention plans) for the State, municipalities and EPCI (*établissements publics de coopération intercommunale* – public inter-municipal cooperation bodies) in question.

Generally speaking, SEDP conducts an upstream analysis of all possible nuisances to implement the necessary preventive actions, such as installation of temporary noise barriers against worksite noise pollution (see Chapter 2.1 on releases into the water, air and soil).

RATP Dev's subsidiaries, operating rail or tramway networks in urban areas, implemented the following noise protection measures in 2017:

- the Gest subsidiary in Florence purchased a lubricating train with an anti-noise lubricant and is working with manufacturers to install a second one;
- in Algeria, SETRAM and its Constantine unit carry out predictive and corrective rail grinding maintenance operations;
- in Morocco, Casa Tram had an external organisation measure noise levels. The internalisation of this measurement is being studied (purchase of equipment and training);
- Hong Kong Tramways performs several operations to reduce crunching: regular maintenance of joints (welding and grinding) in the areas to be treated, testing of an anti-vibration cladding system, noise reducer, in addition to adding lubricant on rails.

People* exposed to the maximum threshold of EU directive 2002/49/EC (parent company)	31/12/2017	31/12/2016	31/12/2015
Number	334	354	583

\* I.e. local residents exposed to the maximum threshold.

The parent company aims to eliminate BPN in Île-de-France by 2020 (see box below).

In the context of the delegated management projects, SEDP ensures communication with local residents during the project. If a noise phase is unavoidable, noise periods are planned by adapting construction schedules and communicating directly with residents through letters and poster campaigns. At the Vaugirard workshops in Paris, installed sound and vibration sensors keep construction and subsidiary teams directly informed if noise and vibration levels are exceeded via e-mail.

## Results of the agreement with Ademe on noise black spot (BPN) absorption

In 2010, with Ademe support, RATP committed to a noise abatement programme for 168 homes via Ademe/RATP agreement No. 1017C0046 for €1,608,000. This programme includes preliminary studies to validate previous criteria, acoustic and thermal diagnostics, detailed recommendations for solutions (replacement of joinery, of rolling boxes, etc.) and associated works. The phases for validating previous criteria and the exceedance of permissible threshold values led, in 2013-2014, to a significant reduction in the number of buildings actually treated. The count consequently went from 168 housing units to 33 housing units.

To date, 20 housing units were the subject of works for a total €205,124: the operation, completed in 2017, will have helped bring into compliance 78% of resident premises impacted by noise levels that exceeded the permissible threshold values for the objectives of the circular of 25 May 2004 on noise from land transport infrastructure. In 2018, RATP will commit its own funds to the abatement of the 13 housing units in a BPN situation along the RER suburban line B.

## 3 — Circular economy

As a major contributor to sustainable cities, the RATP group is part of a circular economy. The company makes an effort to optimise its resources by reducing use of them but also by recovering them and creating synergies between the various regional players. This approach is formally recorded in the Group's CSR policy.

To meet the challenges of smart and sustainable cities, RATP and the City of Paris have been collaborating since 2016 on the creation of a "circular" business district. This pilot project, known as "Quartier des deux rives" (quarter of the two banks) will be located at the centre of the 12<sup>th</sup> and 13<sup>th</sup> arrondissements, between Gare de Lyon and Gare d'Austerlitz. To launch the second phase of the project, in March 2017, the parent company received local stakeholders (elected officials, the City of Paris, SMEs, large groups, etc.) to identify possible synergies.



### 3.1 Waste: prevention and recycling

Faced with a varied production of waste, related to maintenance activities in particular, RATP conducts a policy that combines both reduction of waste at the source and its maximum reuse by:

- complying with regulations and requirements;
- optimising waste sorting on industrial and tertiary sites to organise its recovery in distinct sectors for reuse (recycling, reuse of materials, reuse of energy, etc.);

- tracking the collection and treatment of HIW (hazardous industrial waste: waste oil, batteries, soaked rags, aerosol cans, etc.) and NHW (non-hazardous industrial waste: paper, cardboard, WEEE (waste electrical and electronic equipment), cartridges, toners, etc.);
- optimising waste storage areas to minimise the risk of pollution while facilitating the work of employees.

Today, nearly 99% of RATP's HIW and 100% of its NHW are recovered. Other reuse and recovery channels exist within the Group, such as reuse of kakemonos to create bike accessories.

Tertiary and industrial sites with selective sorting	31/12/2017	31/12/2016	31/12/2015
Number	148	149	152

Small entities are excluded as these sites are not considered as representative of tertiary activity.

Non-hazardous industrial waste (total quantity) non works	31/12/2017	31/12/2016	31/12/2015
Tonnes	16,407	15,775	16,453

Hazardous industrial waste (total quantity) non works	31/12/2017	31/12/2016	31/12/2015
Tonnes	5,501	5,471	5,347

All waste generated by the parent company is reused in terms of either materials or energy. The Group is taking steps in the same direction:

- SEDP is working towards the Predec 2020 objective: 70% of worksite waste reused. The subsidiary implemented a "zero plastic cup" policy. For urban agriculture projects, it also uses compost from the site's green area maintenance waste or from company restaurant biowaste;
- FlexCité 92 ensures the selective sorting of paper/plastics and organic materials within the framework of the Qualicert certification (quality label accredited by Cofrac);
- STIHS in Haute-Savoie entered into a contract with a Chimirec service provider to recover waste that cannot be depolluted;
- The Moulins Mobilité subsidiary's maintenance workshop resizes and retreads tires to extend their service life.



### 3.2 Food waste

The CRE (Comité régé d'entreprise – corporate governance committee), in charge of parent company catering, is part of a sustainable development process by limiting the impact of its catering activities on the environment. In 2016, RATP and the CRE signed a general

operations charter incorporating sustainable development requirements, that will lead to:

- a formal plan against food waste;
- a study the implementation of initiatives to manage and reduce energy and water consumption;
- monitoring and reporting on biowaste sorting for already equipped restaurants and those with refurbishment under way.

Since 2017, the parent company has been collecting and reusing its biowaste at the main company restaurants. The service is subcontracted to a plant located in Île-de-France responsible for the methanation of this biowaste. It ensures the energy reuse of the biogas produced and the organic reuse of digestate<sup>(1)</sup> on agricultural land.

SEDP uses company restaurant waste as much as possible to feed the hens at the ecological demonstration facility. The Promo Métro subsidiary requests that concerned stores donate food to associations.

## 4 — Sustainable resource use

Sustainable resource use is an integral part of the RATP group's environmental performance. When combined with the circular economy, the aim is to produce services while limiting the consumption and waste of raw materials, water and energy sources. Awareness campaigns are regularly organised, focusing on the responsible use of environmental resources, targeting industrial and tertiary site staff.



### 4.1 Water: consumption and procurement based on local limitations

The parent company and, more generally, the RATP group aim to reduce water consumption at source by building employee awareness, integrating objectives into environmental management systems and studying the use of alternative resources to drinking water (rainwater, non-potable water, runoff water).

#### Recovering seepage water

The parent company is seeking out options for using seepage water or runoff water to some benefit. Some of this water is returned to the natural environment (Seine, Saint-Martin canal and Saint-Denis canal) to avoid sending good quality water to the treatment unit. Some is reused by the company: e.g. to water the lawns of tramway T3b.

Since 2016, the parent company, in partnership with Eau de Paris, has been studying the possibility of connecting a few runoff water overflow points to the non-potable water network.

(1) Digestate: product residue of methanation.

## Optimising rolling stock washing

While it complies with quality commitments, the parent company strives to optimise water consumption related to rolling stock washing. The parent company is implementing a recycling system for washing water (buses and tramways) and rainwater recovery at certain industrial sites.

In France, Moulins Mobilité uses reusable cleaning cloths and some subsidiaries are testing cleaning techniques that don't use water (see box).

### Washing without water at FlexCité

FlexCité 91 and FlexCité 77 wash vehicles without water. FlexCité 91 is the first transport service for people with reduced mobility in Île-de-France to have abandoned automatic high-pressure water cleaning with rollers four years ago and tested waterless vehicle washing. Vehicles are washed every two weeks with products certified allergen-free and environmentally friendly (as an estimate: more than 250 litres of water are required to wash a commercial vehicle).

Sites equipped with a water recycling system	31/12/2017	31/12/2016	31/12/2015
Number	65	64	68

For 2017, parent company water consumption indicated is the water consumption obtained from invoices received up to 30 January 2018.

Total water consumption for a public network (regardless of use)	31/12/2017	31/12/2016	31/12/2015
m <sup>3</sup>	1,223,340	1,196,071	1,186,106



## 4.2 Raw materials: consumption and action taken

The RATP group is committed to promoting an eco-design and eco-specification policy for all of its projects (infrastructure, building, rolling stock and information system) by encouraging the selection of low-energy products and systems, those with longer service lives or better economic performance, via its CSR policy. Industrial sites and units are designed to minimise environmental impacts. Environmental specifications apply when purchasing rolling stock.

The parent company is committed to a global policy to reduce the consumption of raw materials in logistics processes: its two logistics platforms, located in Boissy-Saint-Léger and Alfortville, are in fact certified ISO 14001.

## Eco-design policy

The parent company launched a reference document for the integration of sustainable development in all project phases:

- search for ecological solutions from project design phase;
- eco-responsible construction, with works having a low environmental impact, during the works phase;
- structure maintenance, during the operating phase: adapting temperature to seasons, using specific materials, collecting rainwater, green roofs, using renewable energies, etc.

The SEDP is certified OPQIBI (*organisme professionnel de qualification de l'ingénierie et infrastructure* – French engineering qualification body) with the notation RGE. As a result, it included an assistant project manager – environmental quality for all projects:

- for projects with delegated project management: an eco-design policy to reduce the environmental impact of structures over their life cycle via HQE BREEAM or LEED<sup>(1)</sup> or certifications; integration of an assistant project manager, for environmental quality for all projects with delegated project management and a basic programme for all designed or refurbished structures in a document entitled “*Exigences environnementales de la SEDP*” (SEDP environmental requirements);
- for tertiary premises: environmental specifications for light work materials, including A+ materials for air quality and NF certified or European eco-label materials.

The Vienne Mobilités subsidiary is fully involved in the project to build an eco-designed maintenance workshop, scheduled for 2018. This project will include solar panels, a slow-charging station for electric vehicles and wash water recovery areas. This project is carried and financed by the agglomeration for an estimated cost of €2 million.

## Paper policy

The parent company recognises the negative environmental impact of non-eco-responsible paper and applies an eco-responsible “paper policy” by reducing consumption and improving eco-responsibility while ensuring personnel awareness. It opts for the use of environmentally-friendly paper and communications media, whenever possible, by using recycled, PEFC (*Programme européen des forêts certifiées* – European certified forest programme) and/or FSC (*Forest stewardship council*) eco-labelled paper at all opportunities.

### Focus on the PAP50 barometer

The objective of this barometer, implemented in 2010 by Riposte Verte, is to evaluate the paper policies of large companies based in France using a questionnaire that focuses on four aspects: paper consumption, the environmental friendliness of the paper, sorting and selective collection of used paper and commitment to improving the policy. For its first participation in the PAP50 barometer, RATP ranked 15<sup>th</sup> out of 50 companies this year and topped the list of transport companies surveyed.

(1) BREEAM: Building research establishment environmental assessment method – LEED: Leadership in energy and environmental design.

In France, STU Vierzon recycles paper via the Elise network, which offers partnership with a local ESAT (*établissement et service d'aide par le travail* – vocational rehabilitation centre).

In the United Kingdom, 95% of the Selwyns subsidiary's mail is electronic. Since 2017, invoices, pay slips and all official administrative documents issued by the accounting team are concerned.



### 4.3 Energy consumption and use of renewable energy sources

Public transport modes consume relatively little energy per passenger transported. A passenger journey via the metro or RER network requires eight to ten times less energy than the same journey by private car; via the bus, twice as little. RATP is going even further and has committed to reducing energy consumption by 20% per passenger-km by 2025, (versus 2015 reference).

#### Upgrading the train fleet

Upgrading the rolling stock is a significant source of leverage for improving energy consumption. The upgrading process for the Paris metro's rolling stock continued in 2017 with the end of MI09 interconnection equipment deployment on RER suburban line A.

#### Recovering braking energy

Braking energy regeneration is a major source of leverage for reducing energy consumption of rolling stock. With regenerative electrical braking, the electric motor acts as a generator, recovering kinetic energy from the vehicle and converting this energy into electricity. The energy regenerated can be used to supply vehicle auxiliary systems or even another nearby train.

Since 2017, RER suburban lines A and B have been equipped with regenerative electrical braking. Deployment is also under way on the metro network. The goal is to equip every metro with regenerative electrical braking by 2032.

#### Trial of eco-driving boxes

In addition to its initial and ongoing eco-driving training programmes, in 2017, RATP launched innovative testing of an operational unit. It tests using on-board box-mounted solutions to improve both the energy consumption and the safety and comfort of passengers.

In the United Kingdom, telematics is frequently used as an eco-driving aid. This is the case with Selwyns, which has had a safety system installed on buses (DriveCam Lytx) since 2016, to better assess the quality of driving. The subsidiary also published an idling notice explaining the environmental impact of reasonable driving.

#### Real estate assets

RATP's commitment to energy performance also covers its buildings (tertiary sites, workshops, bus depots, stations, etc.).

In 2017, RATP renewed its adherence to the charter for the energy efficiency of tertiary buildings entitled "*Plan bâtiment durable*" (sustainable building plan). RATP has been a signatory to this charter since 2013.

Among the energy saving measures implemented:

- heat recovery at the Bagneux technological building;
- installation of a heat recovery cold unit at RATP headquarters;
- free cooling at the Championnet buildings north of Paris.

In 2017, RATP campus participated in the CUBE 2020 challenge (competition on efficient building use). This challenge mobilised different parent company departments and SEDP in a common goal of achieving the most energy savings possible in one year. With the conviction that "every action counts", the aim is to educate all the players (site staff and visitors) to behave in an eco-responsible way by actively involving them.

#### Distribution of LEDs for passengers in stations

On 14 December 2017, during the climate summit, the parent company organised a LED distribution operation for passengers on metro line 3 and RER suburban line B. The operation was an opportunity for RATP to point out that, since 2016, it is the first network in the world to have equipped all of its stations with LED lighting. The operation was organised within the scope of the national energy saving certificates operation, in partnership with the company CTR-OFEE. At that time, 5,000 kits of 5 LEDs were distributed.

#### Renewable energies and regenerative energies

As of the design phase of its projects, or in the case of a major renovation project, the parent company systematically studies the potential use of renewable or regenerative energies. For example, RATP equipped several of its industrial sites with solar panels. The possibility of installing solar panels is studied on a case by case basis, depending on site needs and building orientation. To date, RATP has installed approximately 1,500 square metres of photovoltaic solar panels at its facilities.



## Energy saving certificates (ESC)

Between 2013 and 2016, RATP replaced the conventional lighting of its entire network with LED lighting. No less than 250,000 luminaires were replaced throughout the 300 kilometres of platforms and corridors of the Paris network. The upgrading of its lighting system enabled RATP to reduce its electricity consumption by 50%. Because this lighting project was initially ineligible for ESC, the company had to demonstrate its energy efficiency. With the support of CertiNergy, RATP submitted a specific file proving the energy savings generated, which was accepted and developed. In total, the energy savings certificates generated by this operation amount to 240,000 MWh.

### ISO 50001 certification – EMS (energy management system)

In 2017, RATP obtained ISO 50001 certification for all of its activities on a perimeter established by the parent company (EPIC). This certification attests to RATP's commitment to the continuous improvement of its energy performance, which covers all of its networks (metro, RER suburban line, bus and tramway) and activities: operations, management of the network infrastructure, engineering, maintenance, real estate, logistics, etc. In addition, the parent company defined and implemented an energy performance action plan that is reviewed annually by Comex.

Total energy consumption	31/12/2017	31/12/2016	31/12/2015
GWh	3,304.58	3,367.51	3,387.36

Breakdown of energy consumption by use in % in kWh (to calculate %)	31/12/2017	31/12/2016	31/12/2015
Rail traction	34.1	33.6	34.6
Bus traction	45.0	46.0	45.4
Buildings and auxiliary vehicles	20.9	20.4	20.0

In 2017, parent company energy consumption was stable compared to 2016.



## 4.4 Ground use

*Reminder: in this case, ground use also refers to land use. Actions only concern the parent company since the Group's subsidiaries do not own any site land.*

By transforming industrial sites into "integrated" living areas, RATP has the opportunity to invent new urban shapes and confirm its position as an integral part of the urban landscape. Modernising the company's real estate assets and adapting them to the growing operating requirements of the network are priorities for the future devel-

opment of cities. Many industrial site restructuring projects in the Paris region have been implemented in recent years, reflecting the company's expertise in urban integration, helping to refresh areas and ensure social mixing in the different districts. In Île-de-France, more than 3,200 housing units will be built by 2025, including more than 2,100 social housing units and public facilities.

The two projects below are examples of the urban integration and functional mixing policy conducted by RATP, jointly with the City of Paris, as they allow the company to expand its production resources and optimise its industrial footprint by combining the continued provision of employment with the construction of housing and public facilities.

### Ateliers Vaugirard (workshops)

The plans for Vaugirard Ateliers include the creation of a street, social housing, a nursery and green areas. Protecting the environment is at the heart of the project in terms of energy performance, landscaping and low-nuisance works. The programme for 440 new housing units was designed by teams of architects, landscapers and specialists in sustainable construction. The housing units are certified "Habitat et Environnement" (housing and environment) and all areas used for business purposes will comply with the "NF tertiary building – HQE policy" standards.

### Ateliers Jourdan-Corentin-Issoire (workshops)

The Ateliers Jourdan-Corentin-Issoire project is also part of RATP's vast plan to upgrade and expand RATP industrial sites in Paris. The aim is to help to refresh the area and promote social mixing. This is a large-scale project covering a surface area of two hectares, started in November 2017. It includes the new bus depot on the lower level and facilities (nursery, daycare centre and a commercial site for the City of Paris) and 650 housing units in the superstructure. The building will also accommodate a 600 square metres urban agriculture project.

## 5 — Climate change

Following its strategic plan, the RATP group intends to strengthen its contribution in the fight against climate change in the regions. To do this, it acts at several levels by:

- promoting the modal shift towards less carbon-intensive modes and reinforcing the attractiveness of non-individual transport and quality public transport adapted to demand;
- encouraging and facilitating new forms of mobility (car-pooling, car-sharing, self-service cars, etc.) as a complement to public transport;
- reducing its carbon footprint with the commitment to halve its GHG emissions by 2025 compared to 2015. In Île-de-France, public transport is the travel method with the best GHG balance but RATP is continuing its efforts to improve its carbon performance.



## 5.1 Significant sources of greenhouse gas (GHG) emissions

The parent company conducts an updated audit of its GHG emissions every three years. This audit includes measurements of direct and indirect emissions attributable to company operations. It corresponds to scopes 1, 2, and 3 of the Bilan Carbone® method. This audit was conducted in 2015 (reference year: 2014) and demonstrates that the energy consumed in passenger transport (powertrain energy) and building operations are the most significant sources of GHG emissions for RATP. Both sources represent approximately 75% of GHG emissions from parent company operations. The remaining 25% is mainly attributable to purchases (13%), business trips and staff home-to-work travel (9%).

The GHG emissions audit conducted in 2015 indicated a 10% reduction in GHG emissions for energy consumption per passenger-km for the 2004-2014 period. This result is great news and the direct result of the dynamic energy policy implemented by RATP.

The RATP group is continuing its efforts to continuously improve the energy efficiency of its transport systems. Its aim is to be both a reference in the design and operation of low-emission transport systems and a player/promoter of “carbon-free” mobility.

### Bus2025: bus model for the city of the future

On 30 May 2016, the first standard all-electric bus was launched on line 341 in Paris between Charles de Gaulle – Étoile and Porte de Clignancourt. The launch of this first all-electric bus marks a decisive step in the energy transition of Île-de-France buses, decided by the public transport authority for Île-de-France (Île-de-France Mobilités) and the practical demonstration of which is the Bus2025 plan (see Chapter 2-1 on releases into the air, water and soil).

TOT in London is testing a bus with a post-treatment system for exhaust gases that is adapted to ULEZ (ultra low emission zone) green areas in the heart of central London.

### Test of a driverless shuttle and an all-electric bus in the United States

RATP Dev, alongside Capital Metro, the city of Austin’s public transport authority, offered the public to test a driverless shuttle during the highly publicised SXSW® (South by Southwest) festival. The aim was to illustrate the shared commitment of the transport authority and RATP Dev to developing innovative transport solutions. RATP Dev also implemented an all-electric bus at Zion National Park to test it in extreme conditions (up to 45 degrees Celsius during the day).

## Developing an urban mobility ecosystem

Thanks to its experience and position as leader on the Paris region’s urban mobility market, the RATP group can offer mobility services to complement public transport. The goal is to offer “door to door” options to help reduce the dependency of Paris region residents on private cars. Among the new services currently offered: 1,152 bike parking slots in the immediate vicinity of train, metro and tramway stations.

Also, to better meet the new needs of passengers and customers, the RATP group is diversifying its activities in new mobility modes by creating RATP Capital Innovation. This investment fund participates in the development of new mobility modes through equity investments in these three start-ups: Communauto (car sharing); Klaxit, formerly Wayzup (car-pooling) and CityZen Mobility (transport of vulnerable persons).

For the Group:

- in early 2018, after a six-month trial in 2017, the subsidiary STU Vierzon will be launching a bike service with an attractive social rate. This soft mobility service is integrated in the framework of the city’s tourism project “*Les berges du canal à vélo*” (The banks of the canal by bike).
- RATP Dev’s EM Services subsidiary has supported more than 100 companies, including several major international groups, in their mobility plans: Engie, Total, Vinci, EDF, Orange, BNP Paribas and public authorities: Urssaf, etc.
- EM Services is in the process of rolling out mobility<sup>(1)</sup> plans for all Île-de-France subsidiaries and has every intention to deploy them for all subsidiaries. It has also helped numerous companies develop their own mobility plans: Veolia during the relocation of its headquarters (2,200 employees), the Bayard group (testing flexible co-working and remote work spaces to measure their impact on working conditions).

In 2017, the parent company’s GHG emissions from powertrains decreased by approximately 10,000 tonnes of CO<sub>2</sub> equivalent compared to 2016. This is mainly due to an increase in the number of hybrid and bio-NGV buses and the implementation of the first standard all-electric line on the Paris region network.

Greenhouse gas emissions from buildings and auxiliary vehicles*	31/12/2017	31/12/2016	31/12/2015
Tonnes of CO <sub>2</sub> equivalent	111,913.0	111,937.0	99,249.7

\* See the note on methodology.

Greenhouse gas emissions from powertrains*	31/12/2017	31/12/2016	31/12/2015
Tonnes of CO <sub>2</sub> equivalent	587,657.0	618,031.0	623,948.0

\* See the note on methodology. Group Indicator excluding the OVS subsidiary (OrlyVal Service).

(1) Mobility plan: replacing the PDE (*plan de déplacement d’entreprise* – business travel plan) and made mandatory by the act of 17 August 2015 on energy transition for green growth – Article 51 <http://www.em-services.fr/plans-de-mobilite-que-dit-la-loi/>.

## Measuring the environmental impact of purchases

In 2017, the parent company launched a study to estimate the extended environmental impact of its purchases using the Local Footprint® Nature tool. This is calculated across the entire supply chain, with suppliers (tier 1, 2, etc. and beyond) established both in France and abroad. As a result, purchasing<sup>(1)</sup> expenditures (rolling stock, supplies, works, services, etc.) represented 780,000 tonnes of greenhouse gas emissions, 2.1 million tonnes of raw material consumption, 16.1 million cubic metres of water consumption and 1,400 square kilometres of space use. Europe accounts for most of this impact with more than 60% of greenhouse gas emissions, 60% of material consumption and 35% of water consumption. Only land use is concentrated in Africa at 50%.

This evaluation differs from the Bilan Carbone® methodology, which deals with estimating direct and indirect GHG emissions from RATP activities for one year and does not take into account impacts throughout the value chain.



## 5.2 Adapting to climate change

RATP is affected by climate change at various levels: managing the rail infrastructure network, operating and maintaining a transport system (passenger transport, stations, information and communications systems), purchasing bus and rail rolling stock and designing new infrastructure (buildings or rail infrastructure). The major climate risk corresponds to the flooding of underground networks. The parent company has therefore launched a diagnostic focusing on vulnerable aspects of networks due to groundwater.

### Major risk of flooding

This point is covered in detail in the section on the means of prevention for environmental risks (see Chapters 1.3).



## 6 — Protection of biodiversity

In the interest of urban integration, the parent company is systematically analysing existing assets (infrastructure and buildings) to consider the possibility of adding green areas and integrating urban agriculture into existing green corridors.

RATP supports the target set by Paris City Hall to create 100 hectares of green roofs and walls, including 30 dedicated to urban agriculture by 2020. Under the 100-hectare protocol signed with Paris City Hall, SEDP reserved 40,000 square metres for green roofs and gardens, of which one third will be dedicated to urban agriculture.

The tertiary sites of the parent company (headquarters, Noisiel and Neuilly-Plaisance) are covered with 4,000 square metres of green surface area, maintained without phytosanitary products by an ESAT. Redevelopment projects for industrial sites incorporate large green areas: 65% for the Vaugirard workshop redevelopment project (15,000 square metres) and 58% for the Jourdan project (8,500 square metres).

The RATP group participated in the City of Paris' "Parisculteurs 1" call for projects, proposing the roof of the Lachambeaudie site. The call for projects was won by Aéromate, which is cultivating 450 square metres of the roof with hydroponic crops (water culture). The crops are then sold to employees and local restaurants.

At the end of 2017, nearly 14,000 square metres of green areas were planted and 1,600 square metres of urban agriculture planned at: Noisy-le-Grand, the Malakoff bus depot, RATP headquarters, the Lachambeaudie site and the Jourdan-Corentin-Issoire workshops.

Other initiatives to promote biodiversity were also launched within the Group in 2017. Among them:

- eco-grazing<sup>(2)</sup> tested alongside the tracks of RER suburban line B;
- the 250 square metres urban agriculture demonstrator installed at headquarters by SEDP. In March 2017, SEDP signed a five-year framework agreement of research cooperation on urban agriculture with the same institute;
- a community vegetable garden installed by the lxxi subsidiary in 2017 to recover compostable waste and educate employees on organic farming (ten employees per session);
- promotion of biodiversity at SETRAM in Algeria and Casa Tram in Morocco:
  - the SETRAM bees: an apiary installed in the Constantine tramway depot. One of 46 operations presented at the Group's first CSR trophy in 2016, fully exemplifies a CSR operation: it preserves the ecosystem, protects the environment and creates a social bond (the jars of honey are distributed at the end of the year to employees and partners, etc.);
  - hive installed as well as T1 tramway green areas at Casa Tram. To that effect, the subsidiary carries out regular maintenance of green areas along the tramway and plans to dig wells for watering. It also installed a nursery at the maintenance centre to diversify green areas along the line.

(1) The calculation is based on Insee input-output tables and covers 99.1% of the turnover invoiced by the parent company (€2.34 billion in 2017).

(2) Eco-grazing is an alternative management technique for green areas intended to reduce the use of machinery.



## Societal information

### 1 — Regional, economic and social impact of Group activities

Developing and improving public transport effectively contributes to the economic and social development of a region, enhancing its appeal for companies, shops and tourism. Every euro invested in public transport generates up to five euros in spin-offs for the rest of the economy<sup>(1)</sup>.



#### 1.1 Regional development and employment

As a major player in the regional and national economy, RATP participates in regional employment and economic development. In 2017, the impact of parent company activities was estimated at more than 128,500 supported jobs (direct, indirect and induced) because of the company's purchasing expenditures (rolling stock, supplies, works, services, etc.), taxes and wages paid to employees. These expenditures are spread throughout the French economy, creating value across the entire supply chain (from ranks 1, 2 and onwards), household consumption and public spending. This impact, modelled by the Local Footprint<sup>®</sup> tool, is heavily centred in Île-de-France (81%) and the land transport sector (38%).

Jobs induced by parent company activities*	2017**	2016**	2015**
Number of direct, indirect and induced jobs created by parent company activities	128,603	NC	NC
Number of indirect and purchase-related jobs (total invoiced turnover)	43,876	43,988	42,658

\* Change of scope in 2017.

\*\* This indicator incorporates data from SEDP, the real estate management subsidiary.

The RATP group Foundation directly participates in the Group's corporate responsibility policy by developing links within its territories of operation, both in France and abroad. It develops its activities to serve communities isolated from cultural, educational, or employment opportunities. In 2017<sup>(2)</sup>, it supported 40 projects, 40% of which were new, that directly benefitted 20,605 individuals in the territories covered by the Group. In terms of employment and entrepreneurship, 8 agreements were signed with associations, benefiting 1,835 individuals.

In May 2017, the Foundation and RATP Dev were jointly awarded the RATP group's CSR Award in the "implication territoriale" (regional involvement) category for their partnership with the South Korean association Dasarang and their support of Seoul's SL9 subsidiary employees' volunteering work. The project focused on the professional inclusion of 30 people with disabilities through a catering activity.



#### 1.2 Local residents and populations

In the territories it covers, the Group contributes to helping people live together successfully and organises initiatives related to societal issues.

With respect to housing, the Group follows a proactive policy through its real estate subsidiaries SEDP (developer) and Logis-Transports (social enterprise for housing). When upgrading its depots and maintenance workshops, RATP transforms them in order to also include social and private housing, public facilities and offices. By converting closed industrial sites into integral parts of the city, it pursues several objectives: to upgrade its industrial facilities while also remaining closely focused on its operational needs; to sustain industrial employment in the city; to contribute to a social and functional mix; to promote urban inclusion while ensuring architectural quality; to strive towards innovation, especially in eco-design. In so doing, the Group contributes to the emergence of a more compact, more efficient city that fights urban sprawl and longer home-to-work commutes and asserts itself as a major player in sustainable cities, beyond the key role it plays in mobility.

The parent company also pursued its policy of assisting the marginalised population groups encountered on its Île-de-France networks, through the outreach teams of the Recueil social in particular, a dedicated operational structure that comes into contact with these people and accompanies them, if they so choose, to accommodation structures. In 2017, RATP extended the agreement signed with Emmaüs Solidarité regarding the day shelter located at Charenton-le-Pont. Since it opened in mid-2014, this centre has received nearly 1,500 individuals in serious social distress.

In November 2017, RATP also signed a framework agreement with the prefecture of the Île-de-France region, the Paris prefecture, to test a system aimed at assisting drug users in the metro: four associations managing Caarud (*centres d'accueil et d'accompagnement à la réduction des risques des usagers de drogues* – reception and support centres offering help in risk reduction for drug users) will be able to intervene in these areas during joint interventions with RATP staff members.

Committed in the fight to stop violence against women, RATP, in conjunction with the MIPROF (*Mission interministérielle de protection des femmes contre les violences et de lutte contre la traite des êtres humains* – interministerial mission for the protection of women against violence and the fight against human trafficking), developed an educational module on this subject for its station staff in contact with passengers. It is also included as part of training given to all new GPSR<sup>(3)</sup> officers and their supervisors.

(1) Source: "Public transport: creating green jobs and stimulating inclusive growth", International Association of Public Transport (UITP), January 2013.

(2) As at 31 October 2017.

(3) GPSR: *Groupe de protection et de sécurité des réseaux* (network protection and security group), internal RATP security services.

## 2 — Relations with stakeholders



### 2.1 Conditions for dialogue with the stakeholders

#### 2.1.1 Institutions

Relations with institutional stakeholders, with public transport authorities in particular, are an intrinsic part of the transport company's activity. The RATP group pays special attention to these in the countries and regions where it operates networks. To this end, the parent company relies on six regional development agencies in Île-de-France that work in cooperation and maintain a permanent dialogue with institutional players.

The relationship between the parent company and the Syndicat des transports d'Île-de-France is governed by a five-year contract that provides for the achievement of quantified targets in terms of quality and range of services, with a bonus/penalty system. The type of relations RATP Dev maintains with institutional stakeholders depends on contract terms, which vary from one country to the other, especially when they pertain to shared industrial and commercial risk.

Beyond the contractual relationship, the Group intends to be a privileged partner of the State and of communities in favour of smart and sustainable cities. From June 2016 to March 2017, the Group participated in public meetings on sustainable mobility just as it had for the 2016 public consultation on bus services in the Grand Paris of buses launched by the Île-de-France region. These meetings generated serious thought from all the major transport players and produced an abundance of proposals. The *Assises de la mobilité* conference, launched under the auspices of the Ministry of Transport from September to December 2017, furthered this common reflection. By actively participating in several working groups, the Group was able to make proposals to accelerate the necessary changes in mobility and address the major challenges of implementing smart, sustainable and connected urban mobility.

#### 2.1.2 Passenger associations

In Île-de-France, an agreement signed in 1996 created a body for continuous discussion with approved associations. The topics discussed are defined according to association and RATP preferences and the work is subject to an annual report. Over the span of twenty years, this platform has become a forum for debate and mutual enrichment. In 2017, the Group's work was guided by three commitments concerning the associations:

- transparency on its strategy, as defined in 2025 Challenges, challenges and goals for sustainable cities, through its CSR actions in particular;
- willingness to build consensus on major projects;
- willingness to share perspectives on new services.

In all, the body dealt with some 30 topics related to current or future events, such as the automation of line 4 and future services, especially in terms of ticketless terminals or passenger information. The Group's development through RATP Dev and Promo Métro activities, ethics and flood risk management issues were also discussed. Visits to line 11 and 12 extension worksites, unveiling of the large-scale model of future line 14 stations and the prototype of the first autonomous shuttles gave a practical dimension to these discussions.

Furthermore, representatives of approved national consumer associations sit on the parity panel that appoints the RATP mediator. The latter's role was reinforced within the scope of order No. 2015-1033 of 20 August 2015 on settling consumer disputes out of court. The RATP mediator, who is responsible for all of the Group's French subsidiaries in charge of public transport, can be contacted directly online, via [http://www.ratp.fr/fr/ratp/vch\\_124175/mediateur](http://www.ratp.fr/fr/ratp/vch_124175/mediateur).

Regarding customer relations, some subsidiaries maintain exclusive contact with the public transport authority while others maintain more direct relationships via passenger panels, user or neighbourhood committees and consumer associations. For example, Vienne Mobilités moderates a group of ambassadors made up of volunteer clients who take part in round tables with the subsidiary to better define paths that will improve quality on the network. Similar initiatives are being implemented in London and Austin, Texas with user associations in an ongoing service quality improvement process linked to the various stakeholders ("SunLink Change Control").

The subsidiaries' links are reinforced with cyclist and pedestrian representatives to define the details for harmonious road sharing and accident reduction. In November 2017, the partnership between RATP Dev London and the London Cycling Campaign was awarded a £21,000 grant from the Transport for London's (TfL) Bus Safety Innovation Fund. Both the Bourges and Austin subsidiaries took similar approaches.

Social networks encourage direct discussion between passengers and the Group, which is especially active on Twitter via a dedicated account. In Île-de-France, the parent company is on Facebook and Twitter and each of RATP's metro, RER and tramway lines has had an account since 2014. A dedicated customer service account completes this digital framework. More and more subsidiaries are also using the Internet, especially as a more effective means of responding to complaints, and social networks to reinforce their proximity with passengers. To this end, RATP Dev launched its new website in November 2017.

## 2.1.3 Environmental associations

A parent company representative sits on the Board of Directors of Airparif, an approved association that monitors air quality in the Paris region. Another is a member of Bruitparif (noise observatory in Île-de-France). RATP experts remain in contact with residents affected by noise pollution or vibrations. RATP is also bound by four-way agreements (Region, departmental councils and municipalities) to promote sustainable mobility in the Île-de-France region. These aspects are covered in the environmental chapter of this report.

## 2.1.4 Associations representing people with disabilities and reduced mobility

In accordance with the 2005 law on equal rights and opportunities, the participation and citizenship of people with disabilities, the Group pursued works to make its networks accessible<sup>(1)</sup>: as of 2017, all Paris tram and bus lines, nearly 80% of suburban buses, metro line 14 and 63 of RATP's 65 RER stations are accessible. At the same time, the parent company pursued a service policy geared toward equal access to transport. The 28,000 employees in contact with customers are trained to meet the specific needs of people with reduced mobility.

RATP manages continued cooperation with representatives of people with disabilities, aiming to ensure continuous improvements on the basis of a coordination protocol concluded with nine associations representing the different types of disability<sup>(2)</sup>.

Launched in 2016, the project for the redevelopment of metro and RER sites to enable people with sensory impairments to move about safely and independently – the Equisens project – continued in 2017 with staircase compliance on metro Lines 1, 2 and 3 by installing guidance and warning bands (BEV) as well as stair nosing. Other refurbishments are planned with regard to the audio identification of metro and station entrances, signs, lighting and acoustics to improve access to both visual and audio information.

In 2017, metro Lines 11 and 14 received the S3A label (reception, support and accessibility), which demonstrates their commitment to welcoming and informing people with mental disabilities. They join RER suburban Lines A and B and metro Line 10. Lines 1 and 9 have also taken up this approach. In its CSR policy, RATP aims to train all staff in contact with passengers on the S3A standard by 2020.

For its animated film series “Accessible ensemble” (accessible together), the company is developing a new best practices manual for employees in contact with passengers to meet the needs of people with reduced mobility or suffering from sensory or motor disabilities.

Beyond those specialised in the transport of people with reduced mobility and participation in accessibility commissions, most of subsidiaries maintain regular contact with associations or structures that assist people with disabilities (Agefiph, Adhap, APF, Jaccède.com, Valentin Haüy), sometimes jointly with the parent company, as part of an across-the-board approach to promote discussion and share contributions. This constant dialogue fosters initiatives in a multi-faceted approach:

- improvement of accessibility to transport by developing spaces and vehicles (development of bus stations for the visually impaired in Boulogne-sur-Mer, expansion of WU (Wheelchair User) access in London, acquisition of buses equipped with platforms in Italy), by organising workshops on the use of public transport for people with reduced mobility or cognitive problems (discovery workshops in Moulins, the “Osons le bus” (Let’s take the bus) initiative in La Roche-sur-Yon and Bourges) or even by a fare adjustment as in Vannes, where the subsidiary bore the additional cost of extending free fares to children accompanying people with disabilities (increased from age 6 to 11);
- education/training of staff on caring for people with disabilities;
- actions fostering professional integration, in partnership with Cap Emploi, OPCE, Agefiph and Aftal, by organising discovery workshops for people with disabilities who want to retrain in the transport industry, via a POEC (*préparation opérationnelle à l’emploi collective* – collective employment operational preparation) in order to obtain a D permit or by using ESATs, which employ people with disabilities to maintain green spaces for instance;
- support of associations that promote access for people with disabilities to cultural or sports activities.

In November 2017, the RATP group acquired a stake in CityZen Mobility, a start-up dedicated to the mobility of the most vulnerable population groups that organises and accompanies people in need of assistance (the elderly, disabled adults, etc.) on outings in a personalised way, throughout France, by car, delivering an optimised and non-stigmatising service based on a network of drivers trained to meet the specific needs of each passenger, beyond the simple notion of transport.

(1) The Paris metro is recognised by legislators as an exception.

(2) AMF (Association française contre les myopathies – French association against myopathy), Allegro Fortissimo (fighting discrimination against the obese), APF (Association des paralysés de France – French association for the paralysed), APPT (Association des personnes de petite taille – association for short individuals), Corerpa (conférence régionale des retraités et personnes âgées – regional conference for the elderly and retired), CFPSAA (Confédération française pour la promotion sociale des aveugles et amblyopes – French confederation for the social promotion of the blind and individuals with amblyopia), UNAFAM (Union nationale des familles et amis des personnes malades et/ou handicapées psychiques – French union for the families and friends of individuals with psychic disabilities and/or disorders), UNAPEI (Union nationale des associations de parents et amis de personnes handicapées mentales – French union for associations of parents and friends of individuals with mental disabilities), and UNISDA (Union nationale pour l’insertion sociale du déficient auditif – French union for the social integration of individuals with hearing disorders).

## 2.1.5 Integration structures and associations

The parent company is ramping up its activities in favour of communities in what city policy considers priority neighbourhoods.<sup>(1)</sup> To do this, it reaches out to professional integration players, such as local missions, E2Cs (Écoles de la deuxième Chance – Second chance schools)<sup>(2)</sup> and various associative structures, with which 100 or so partnership agreements were signed. The latter make it possible to structure the activities proposed by the company by basing them on Group values. Consequently, in 2017, 150 collective information meetings on jobs involving 2,000 individuals were organised on the premises of integration structures. 40 visits to operational or maintenance units also enabled 500 individuals to learn how the company operates.

RATP also continued its Ateliers mobilité<sup>®</sup><sup>(3)</sup> (mobility workshops), a mobility learning approach aimed at explaining the use of transport – reading maps, knowledge of the different modes, etc. – to socially vulnerable populations, supported by integration structures. The goal is to make participants more autonomous when travelling, when job hunting in particular and, in the long run, to facilitate their integration. 3,500 individuals benefitted from approximately 400 workshops, mostly provided by parent company employees, supported in Yvelines by RATP Dev subsidiary SQYBUS and Cars Perrier employees. 10 Ateliers mobilité<sup>®</sup> were conducted by Agir ABCD and the Paris and Val-de-Marne clubs of FACE (Fondation Agir contre l'exclusion – foundation acting against exclusion)<sup>(4)</sup> for communities with poor French language skills. Included in the Group's response to the invitation to bid for operation of the network in Lorient – awarded in 2017 to RATP Dev – the Ateliers Mobilité<sup>®</sup> will soon be implemented in the Brittany agglomeration.

In 2017, in connection with “garantie jeunes” (youth guarantee) implemented by the public authorities, RATP organised a “sponsorship” operation with the local mission Bords de Marne (Val-de-Marne) that works with the communities of Bois-l'Abbé (Champigny-sur-Marne), a priority neighbourhood the difficulties of which are reflected on the bus lines. More than 180 young people, interested in careers at RATP, benefitted from special guidance, with group information sessions on job opportunities, Ateliers Mobilité<sup>®</sup> and a visit to a production site. Their application was specially qualified “*labellisé*” (labelled), a specific procedure that attests to their motivation.

In 2017, following an invitation from local authorities, RATP also participated in 60 or so local employment forums during the course of which it was able to interact with around 6,000 individuals. With the departmental councils of Seine-Saint-Denis and Val-de-Marne, the company is participating in “*passerelles-entreprises*” (gateways to business), which, in 2017, offered secure transitions to around one hundred aspiring bus drivers. Finally, RATP continued to honour its commitment to employment and economic development in working-class neighbourhoods, in particular through the local versions of the national charter *Entreprises et Quartiers* (companies and neighbourhoods), in Paris, Val-de-Marne, Seine-Saint-Denis, Essonne and Val-d'Oise.

In terms of integration, subsidiary initiatives are numerous and connected to different players:

- in France, Pôle emploi is a privileged partner, thanks to vocational training for employment schemes, vocational training for individual employment and pre-recruitment training activities, with subsidiaries acting in their capacity as future employers or host companies, for example, D permit training for people in retraining or seeking employment. Job seekers continued to be reimbursed for their transport costs during the month they resumed their activity;
- some subsidiaries pursue an integration policy using professional training contracts. The GEQI (Groupement d'employeurs pour la qualification et l'insertion – employers' group for qualification and integration), spearheaded by STI Nièvre and initially focused on the ambulance and bus driver professions, expanded to include the removals sector;
- others act as facilitators with their partners and subcontractors to encourage new hires of people who are regularly unemployed or young people in apprenticeships;
- for those most alienated from employment, integration operations take the form of partnerships with ESAT, EA, or AI (*associations intermédiaires* – intermediary associations), as well as associations for reintegration through work, which are entrusted with different missions. CTGMVA consequently uses a local professional integration company to recycle its obsolete timetables, an ESAT to maintain its green spaces and the Valentin Haüy association to manufacture its Braille aids;
- in Casablanca, RATP Dev signed a partnership agreement with the OFPPT<sup>(5)</sup>, the first public operator for vocational training in Morocco, to create a sustainable mobility school as part of the Greater Casablanca international development plan. Objectives: to help support the growth of the public transport network and create new jobs in this urban area where youth unemployment is at 35%. This is similar to what was done in Algeria, where RATP Dev created a training institute for urban rail transport that has provided more than 40,000 hours of training since it opened in 2014.

At the same time, the Foundation supports the projects of local associations and operations in the social sphere of cultural institutions, often themselves in liaison with associations, or institutions of higher education. 27 associations and 13 institutions were supported in 2017<sup>(6)</sup>, the partnerships with institutions having been signed on a multi-year basis. In 2017, the Foundation continued its local partnerships for professional integration, in particular with ADIE (Association pour le droit à l'initiative économique – association for the right to an economic initiative), which helps individuals alienated from employment create an economic activity thanks to microcredit.

(1) In 2017, 18.8% of parent company hires came from one of the city's 272 QPV (*quartiers prioritaires de la ville* – city's priority neighbourhoods) in Île-de-France, where 1.6 million individuals reside, one third of whom live below the poverty line (georeferencing of employees hired by the parent company from 31 October 2016 to 30 September 2017 via the City GIS of the *Commissariat général à l'égalité des territoires*, general commissariat for equality of the regions (<http://www.cget.gouv.fr/ressources/etudes-et-evaluations-observation-prospective/sig-ville>).

(2) RATP is represented on the Board of Directors of E2Cs, particularly in Paris.

(3) Ateliers mobilité<sup>®</sup> is a registered RATP trademark.

(4) RATP is a member of the Board of Directors of the local FACE clubs, in Paris as well as in several other *départements*, in both inner and outer suburbs.

(5) Office de la formation professionnelle et de la promotion du travail – office for vocational training and labour promotion.

(6) As at 31 October 2017.



## 2.1.6 Relations with educational institutions

The parent company maintains partnerships with a wide range of educational institutions to both meet its hiring challenges and support social advancement (CFI Orly, IUT at Lille and Cachan, Paris-Est Marne-la-Vallée university, Cergy university, AFPA, Aforp, Conservatoire national supérieur des arts et métiers – national conservatory of arts and crafts).

As part of these partnerships, it participates in many meetings on a variety of topics, field trips and forums with top graduate schools (CNAM, École polytechnique, Centrale Supélec, ParisTech schools). It is also in contact with various institutions to identify talent, especially for professions experiencing manpower shortages.

With the development of alternation and apprenticeships, this dynamic has intensified, due, in particular, to meetings between business correspondents from several top graduate schools (UTC, ESIEE, ISTIA, ESTACA, IMT Atlantique) and representatives of the different RATP sectors seeking specific profiles. The parent company appointed “ambassadors” to its target schools. Likewise, digital ambassadors are now in charge of promoting the RATP employer brand on social media.

Some subsidiaries also maintain contacts with the universities and top graduate schools established in their regions: in 2017, SEDP signed a five-year partnership agreement with AgroParisTech to research re-greening and urban agriculture (impact of pollution, depollution of air via a vegetated ecosystem, cooling of buildings, recovery of rainwater); RATP Dev North America just became involved in a student outreach programme that will help them gain experience in positions of responsibility through the “Grow our Own” programme, which promotes the sustainability of population and employment catchment areas. RATP Dev Casablanca will offer internships to future engineers trained at the University of Ben Guerir, which itself has a partnership with the École des mines de Paris for excellence training, especially in big data.

The parent company also welcomes nearly 1,500 trainees every year, ranging from workplace observation in year ten (or ninth grade) to an internship at the end of studies. These internships help communicate the wealth and diversity of the transport, service relations, maintenance and engineering professions. They can open new perspectives for educational and vocational guidance or even constitute a pre-recruitment opportunity.

Likewise, many subsidiaries welcome trainees or alternating apprentices, generally from local establishments. This close connection between subsidiaries and their regional schools and middle schools is reflected as much in activities geared towards respecting the rules of good commuter conduct and road safety as in those that deal with accident prevention or bus evacuation drills, for example.

As part of its “Accès à l’éducation” (access to education) action programme, the Foundation supported 18 projects in 2017<sup>(1)</sup>, which benefitted 10,550 individuals. It works in conjunction with schools and institutions of higher education. As a founding member of the Alliance pour l’éducation (the alliance for education), it is committed to helping in the fight to reduce college dropout rates. In 2017, as part of the “Trajets d’avenir” (routes of the future) programme, 50 talented students, whose personal circumstances make it difficult for them to pursue their studies, were awarded a scholarship and offered the individual support of a Group executive. This mentor opens them up to the business world, to its codes and professions and helps build their self-confidence, especially when it comes to writing CVs or preparing for job interviews. This programme is conducted in partnership with the Cergy-Pontoise university, Telecom ParisTech, Telecom Sud Paris, HEC, INSA Centre Val-de-Loire in Bourges, Sciences-Po Paris (Reims campus), the NGO Sizanani for the University of Johannesburg and, since March 2017, the Ensime of Valenciennes.



## 2.2 Partnerships

In Île-de-France, the parent company seeks to promote culture and sports through the partnerships and activities it offers in its stations. The objective of these operations is to make passenger journeys more enjoyable while actively contributing to urban cultural life. An audit conducted in 2016 showed that nearly 90% of customers appreciate these activities, perceived as pleasant moments of distraction during their journey.

In 2017, more than a hundred partnerships were concluded with key city players and major cultural institutions:

- over half of them are dedicated to culture, especially literature and poetry, photography, heritage and music. Every six months, RATP accredits 300 musicians with the “Les Musiciens du métro” (metro musicians) label, introducing young talent to their audience. These musicians are supported by the company and the most talented are given the opportunity to participate in some of the major festivals the company is involved with. In 2017, for the 20-year anniversary of the label, RATP organised a concert at the Olympia venue. On stage, five musicians, elected by Internet users during a contest on ratp.fr, were accompanied by renowned artists Oxmo Puccino and –M–;
- around 15 were partnerships that revolved around sports, including one involving the Paris bid to host the 2024 Olympic Games, which engaged a wide audience and helped mobilise Paris region residents around this event;
- around 20 were partnerships with institutions and particularly focused on sustainable mobility and innovation.

Subsidiaries also maintain partnership/sponsorship activities, mainly in sports, cultural, humanitarian and charity works:

- in sports, there are numerous examples in France and abroad: almost all RATP Dev subsidiaries are partners of local clubs (basketball, rugby, handball, etc.), via financial support or through free transport, to make sports events accessible to as many people as possible. More than any other, this type of partnership illustrates how deeply subsidiaries are anchored in the local environment;

(1) As at 31 October 2017.

- in the cultural sector: STI Allier made a decommissioned bus available to Street Art City, a cultural venue dedicated to urban art, to serve as the medium for the live creation of street art in the city centre of Moulins (Allier) for the 10-year anniversary of the agglomeration's network. At the end of the project, the bus was exhibited at the Street Art City site and will eventually become a long-lasting medium for urban art expression;
- in the humanitarian and charity sectors: in September 2017, during public transport day, STU Bourges offered 1,200 bus tickets to the Restos du cœur following a "one day pass purchased = one bus ticket offered to the Restos" operation, which was hailed by the president of the association's departmental branch. Once again this year, RATP Dev Casablanca, which is involved in the life of the neighbourhoods covered by the tramway, participated in cleaning the area around the station that serves the cultural centre of a local association that assists vulnerable young people.

The Foundation develops partnerships in the Group's operational regions both in France and abroad in conjunction with RATP Dev subsidiaries, such as for example:

- in Annemasse, a temporary and free bus line offered around 50 cultural events along the route of the future tramway that will connect the Annemasse agglomeration to the Canton of Geneva;
- In Lens, a partnership with the Louvre-Lens was developed to promote access of socially marginalised communities to culture;
- in Valenciennes, the Foundation supported reintegration through a partnership with ADIE;
- in Mumbai, the Foundation partnered with the LP4Y association (Life Project for Youth) in its support of 30 young people involved in a "professional training for entrepreneurs" programme. This one-year programme is aimed at the social and professional inclusion of young people between the ages of 17 and 24 living below the extreme poverty line and having no qualifications or regular employment.

## 3 — Subcontracting and suppliers

In this RATP group report, subcontracting and supplier issues are given for the parent company. Since the volume of purchases, excluding energy, is extremely low for RATP Dev and local contexts vary widely, subsidiary contributions are purely qualitative.

The parent company's responsible purchasing policy is based on several aspects: reducing environmental impact, developing socially responsible purchasing, building and maintaining balanced relationships with suppliers and involving them in this process. Purchasing practices, the internal reference system (purchasing guide, practical fact sheets, etc.) indicators and a dedicated team are all part of the CSR.

For the first time this year, the parent company conducted a study that measured the environmental impact of its purchases. The results are presented in the environmental section, paragraph 5.1. "Significant amounts of greenhouse gas (GHG) emissions sources".

In 2017, 22% of contracts signed<sup>(1)</sup> included environmental requirements and 7% included integration clauses. CSR criteria are used to assess offers in 13% of bidding announcements.

Since 2013, all new buyers are required to take "responsible purchasing" training. The goal is to ensure new buyers are familiar with CSR challenges, acquire skills and share best practices. In 2017, 25 new buyers joined the Group and will receive this training in 2018. Awareness and information campaigns are also carried out with buyers and key influencers (dedicated session during seminars, advice on bid announcements, etc.)

Training	2017	2016	2015
Number of buyers trained (since 2012)	168	154	143
% of existing buyers trained in 2017	82%	75%	84%

The involvement of the purchasing function also led to membership and active participation in the working groups of the ObsAR (Observatoire des achats responsables – observatory for responsible purchases), Pacte PME (SME support group) and Handeco.



### 3.1 Integrating social priorities in purchasing policy

For the parent company, working conditions on supplier sites and illegal labour are key vigilance points (see General instruction IG530 on illegal labour and social audits).

Through its purchases, it contributes to the implementation of public employment policies. Published in 2016, the promotion scheme for socially-responsible purchases defines the targets and methods used to promote the employment of the most vulnerable groups. This scheme focuses on disabilities and integration via work.

Since 2015, after having developed the corporate clauses on different purchasing segments, RATP's purchasing function has pursued a qualitative approach to make the system more efficient: internal processes, dedicated team, close relationship with local players, involvement of facilitators, follow-up performance methods, reporting tools.

In 2017, more than 420,000 hours of integration were organised via parent company purchases and 763 individuals benefitted from these. RATP uses two levers for this:

- integration clauses are included in suitable contracts – works and services in particular. Grand Paris works are an opportunity for employment. The line 14 south extension project alone represents more than 400,000 hours of integration, the line 11 and line 14 northern extension worksites, 200,000 hours each and that of line 4, 90,000 hours. These large volumes represent an opportunity to deploy ambitious and effective projects (long-term assignments, training, socio-professional support);
- Direct purchases from SIAE (structures d'intégration par l'activité économique – integration structures via economic activity) also offer a second line of development.

<sup>(1)</sup> Data extracted from performance records covers contract values in excess of €100,000, excluding local exceptions.

In 2017, the integration project, created in 2016 with the Espaces association and based on maintaining the green areas of the Paris region's tramway Line 2, continued its social and professional support mission for individuals facing severe hardship. With 23 hires and 26,250 hours of integration completed since its creation, the result is very positive.

In 2017, the amount of purchases from the protected and adapted sector represented €705,000. The reduction in turnover compared with 2016 is attributable to a reduced level of activity for one of the contracts (transport of individuals) and does not reflect the extensive commitment of buyers when it comes to disability. The services entrusted to ESAT and EA expanded in 2017: laundry services for maintenance uniforms, waste collection and treatment, parts manufacture and renovation services for rail rolling stock.

#### Socially-responsible purchases\*

	2017	2016	2015
Number of hours of integration completed (clauses and purchases from SIAE)	420,000	359,000	291,000
Number of beneficiaries of integration programmes	763	643	515
Number of (current) contracts with an integration clause	167	163	131
Amount of purchases from the adapted and protected sector (invoices excluding taxes)	€705,000	€712,000	€746,000

\* These indicators incorporate data from SEDP, the real estate management representative.

Furthermore, RATP participated in the working groups created by the State as part of the *Charte d'engagement RSE pour les marchés du Nouveau Grand Paris* (CSR commitment charter for new Grand Paris contracts) on integration through economic activity, health-hygiene-safety at work and SME access.

Abroad, the incorporation of social priorities in purchasing processes is generally covered by the legislation in force. In South Africa, subcontractors and suppliers are inspected to check compliance with legal obligations and commitments in terms of sustainable purchases.



## 3.2 Subcontracting and recognition of supplier CSR policies

The following results apply for parent company suppliers in 2017:

#### Suppliers

	2017	2016	2015
Number of parent company suppliers	5,328	5,269	4,899
% of suppliers established in France	96	96	97
% of SMEs among suppliers – INSEE database	66.7	66.4	67
Purchasing turnover invoiced to SMEs (in millions of euros) – INSEE database	478	524	453
Share of purchasing turnover invoiced to SMEs/overall purchasing turnover invoiced – INSEE database* (29% excluding energy and rolling stock)	20.6	20.4	17.4

\* Change in methodology in 2017, the calculation is made from the INSEE supplier database, which covers 99.1% of the purchases invoiced by RATP.

The parent company applies an active policy to support innovation and facilitate SME access to its competitive-bidding process (allotment, electronic procedures, acceptance of variants, incentivisation for grouped responses, reduction in the maximum financial capacity of candidates, etc.).

It participates in the working groups organised by Pacte PME and the Chamber of Commerce and Industry on these subjects and each year measures the customer-supplier relationship entrusted to the Pacte PME.

In 2017, a purchase process for start-ups was defined to secure the relationship by creating a practical guide *“Contractualiser avec des start-up”* (concluding contracts with start-ups), a standard contract and implementing a project group.



## 4 — Fair practices



### 4.1 Preventing corruption and promoting human rights

The Group integrates a CSR approach into its value chain by implementing a programme to fight against corruption and anti-competitive practices, responsible lobbying and data compliance, as well as a responsible purchasing policy.

#### 4.1.1 Preventing corruption and anti-competitive practices

The RATP group included the risks related to corruption and anticompetitive practices on its list of across-the-board risks monitored by the risk manager, the compliance manager and the internal auditing system.

Against a backdrop of globalisation, increased complexity of the law and legislative inflation, the Group wanted to create a compliance centre to ensure its alignment with the best global standards and promote the values of integrity and transparency in the conduct of its business.

Attached to the general delegation for risk management, the compliance centre ensures implementation of the programme to prevent, detect and remedy corruption risks (in application of the Sapin II law No. 2016-1691 of 9 December 2016).

Group commitments, such as respect for public procurement, fair practices towards the competition and the fight against corruption, all currently appear in the Group's Code of Ethics as part of its corporate ethics. They will soon be strengthened by the creation of a code of business conduct aimed at promoting a zero tolerance policy of corrupt practices and acts. Over the past five years, the RATP group has not been convicted of acts of corruption.

#### 4.1.2 Promotion of human rights

Specific provisions apply to purchasing policy and supplier relations. A code of conduct and ethics governs supplier relations (General instruction 499-c). The parent company's responsible purchasing policy, such as Telcité's Responsible Purchasing Charter, also reflects this commitment.

Social audits are conducted on production sites for textile contracts. Contracts are awarded based on the results of these audits, which are entrusted to an independent agency and suppliers can be asked to take corrective actions. In the event of major non-conformity, the production site is rejected. Suppliers are now familiar with RATP's requirement level in this respect and no site has been rejected since 2015.

In 2017, nine audits were conducted and no production site was rejected.

Audits	2017	2016	2015
Number of social audits conducted during the year (textiles)	9	2	10
Total number of audits since 2000	83	74	72
Total number of sites audited and rejected since 2000	6	6	6



### 4.2 Passenger safety

Railway safety is an absolute priority for the RATP group. Railway safety requires an overall view because it affects all business units: engineering, maintenance and operations. Railway safety is based on an understanding of technical reference documents, procedures and staff competencies.

Throughout the life cycle of infrastructure and equipment, managing this risk is a constant priority: from the design phase, with the inclusion of safety requirements in specifications, preparing safety documents and conducting pre-commissioning tests; during the life cycle, with maintenance based on reference documents, tracking incidents, feedback and inspections.

Since 2012, a DGSF (*délégation générale à la sécurité ferroviaire* – general delegation for railway safety) reports directly to the Chairwoman and CEO. By virtue of an annual audit programme for railway safety validated by the Group's Executive Committee, this delegation intervenes at both parent company and subsidiary level.

In 2017, its work in Île-de-France involved managing the functional, technical and maintenance standards of the railway safety systems of the metro, RER and tramway networks assessing the maturity of the inspection function on the tramway as well as works that could impact passenger safety on the networks. The delegation also conducted an audit with RATP Dev on the railway safety of the Hong Kong tramway network.

Meanwhile, the parent company continued to review its policy on and management of fire and railway safety for the Paris region's rail network in order to integrate changes to internal structures, the external environment and fire safety.

In this context, RATP began installing a centralised monitoring system for fire safety in metro stations from a PCSI (*poste central de sécurité incendie* – central fire safety control station)<sup>(1)</sup>. It will merge the command and control of the fire safety systems installed in stations and provide confirmation aids and remote smoke removal tools. At the end of 2017, the République, Saint-Lazare, Gare de l'Est and Gare du Nord sites were connected to the PCSI. This deployment will continue in 2018 with the connection of four other stations, among the busiest, at the same time as lines 3/3bis.

(1) In accordance with the recommendations of the BAETT (Bureau d'enquêtes sur les accidents de transport terrestre – office of land transport accidents and investigations).

The Group's recognised expertise in terms of rail safety has been used by French and European instances: DGSF used its contribution in the amendment of decree No. 2003-425 on the safety of guided public transport by sharing Group feedback with State services; it also participated in the works of European bodies within the scope of European mandate M/486, aiming to adapt and create mechanical, electrical and electronic standards for urban rail structures (metro, tramway).

In 2017, several subsidiaries in charge of bus network operations implemented various mechanisms to increase and systematise the safety culture at the heart of Group activities using processes based on the analysis of existing data, derived from accidents and near misses, on innovative technologies and on awareness-building and communications operations.

In Austin, RATP Dev North America consequently deployed "Drive2zero", a safety management system (SMS) based on a detailed analysis of risks and feedback from accidents, including procedures, methods and digital tools, to guarantee a safety level on par with the

highest American standards. This SMS will gradually be extended to all the subsidiary's networks, under the supervision of the Vice-President in charge of safety and security.

In late 2017, TfL's Bus Safety Innovation Fund awarded and subsidised RATP Dev London a total of £90,000 for Seeing Machines, a digital system installed in the driver's compartment that detects signs of fatigue or distraction on the driver's face. In early 2017, the subsidiary also deployed a video telemetry system to better analyse the causes behind the various incidents that could occur on its lines. Based on these findings, RATP Dev London adapted driver training and recorded a significant decrease in incidents.

In Morocco, RATP Dev Casablanca signed a three-year agreement with the CNPAC (Comité national de prévention des accidents de la circulation – national committee for the prevention of traffic accidents) and Casatransports. It provides for a series of initiatives (awareness-building, communication, research, innovation) funded by the CNPAC to improve tramway safety in its urban environment.

# Note on methodology for the extra-financial report 2017 Fiscal year

## General framework

As per decree No. 2012-557 of 24 April 2012 on obligations in terms of social and environmental transparency for companies pursuant to the Grenelle II act, all listed companies must publish social, environmental and societal information from 2012 fiscal year. This obligation also applies to companies the consolidated workforce or turnover of which exceeds certain thresholds as of 2012 fiscal year or later, depending on the thresholds in question.

The RATP group is not formally affected by this obligation. The RATP group however decided to plan ahead and adopt the same rules as those applicable to private firms by having the Statutory Auditor (referred to as the independent third party for this purpose) audit its social, environmental and societal information.

## Scope of reports

For its fifth-year reporting, the RATP group chose to consolidate the social, environmental and societal information on the parent company, on the 23 subsidiaries<sup>(1)</sup> of RATP Dev (the operating subsidiary for transport networks) and on SEDP (the property management and real estate development subsidiary). It should be noted that the variations observed from one year to the next result partly from the variation of this scope.

This scope of consolidation covers 93.6% of consolidated turnover as at 31 December 2017.

Qualitative information covers the parent company, 57 subsidiaries of RATP Dev, SEDP and the other Group subsidiaries: Ixxi (intelligent transport systems), Promo Métro (marketing and management of transport spaces), Telcité/Naxos (management of optical fibre).

The precise scope of available data is specified for each indicator in the report itself. This scope is the same for all information, with the exception of:

- **social information:** the “Pay and promotion” indicator: the concept of RMPP (*rémunération moyenne des personnels en place* – mean pay per existing staff member) can only apply to the parent company;
- **environmental information:** the indicator “Number of people exposed to the maximum threshold”: this information related to a European directive on noise pollution (EU Directive 2002/49/EC) only concerns the scope of the parent company; the indicators “Quality and environmental training sessions” and “ground use”:

this information is not available to subsidiaries; the indicator “Water: consumption and procurement based on local limitations”: this information is not available for Morocco and South Africa;

- **societal information:** the two indicators related to purchases: “Integrating of social priorities in purchasing policy” and “Subcontracting and recognition of supplier CSR policies” are entered, in quantitative terms, for the parent company due to the low volume of purchases concluded by RATP Dev.

## Report schedule

The schedule for CSR reports is similar to the schedule for financial reports in order to incorporate the extra-financial report into the company's financial report and covers the 2017 fiscal year. Social, environmental and societal information is reported over the entire calendar year, *i.e.* the period from 1 January 2017 to 31 December 2017 (twelve months).

## Internal audits and structure

Three report protocols govern data collection and specify internal responsibilities.

### Data collection

Quantitative Group data is collected at three levels:

- **for the parent company:** the Human Resources department and the Sustainable Development unit of the Strategy and Innovation division are responsible for producing and checking the raw data transferred from a network of internal correspondents in the parent company;
- **for RATP Dev:** the subsidiary produces and checks the raw data provided by subsidiaries, with the exception of the data on greenhouse gas emissions (GHG). GHG data is collected by RATP Dev, but produced and checked by the Sustainable Development unit, using specific methods and applications;
- **for SEDP:** because of its activity, the subsidiary is not naturally concerned by the indicators related to powertrains and equipment at industrial sites. As SEDP operates on RATP sites, information related to its water and energy consumption as well as to the production of hazardous and non-hazardous waste is already included in that of the parent company.

(1) Note: this figure of 23 subsidiaries, versus 25 subsidiaries in 2016, is the result of the merger of the Open Tour subsidiaries into SELT Open Tour (Société d'exploitation de lignes touristiques – the company operating tourist routes) and the sale of the subsidiary Fullington Auto Bus Company in the USA. Also, the RATP Dev North America Bus subsidiary, formerly McDonald Transit Associates, is limited to the Austin, Texas entity.

## Consolidation

The Financial division ultimately consolidates Group figures. Qualitative information is transferred in the form of an interview or questionnaire. An information systems map is available to the independent third party.

## Report applications

Data collection differs according to the structure concerned (parent company or subsidiaries). It ranges from existing Excel-based tools to dedicated information systems: information systems linked to parent company HRIS processes (Rhapsodie, Acciline), Hyperion for the RATP Dev subsidiary and A2I software (automatic management of water and energy consumption) and GICED (Gestion des installations classées et de l'élimination des déchets – waste management and tracking) for the SEDP subsidiary.

## Particularities and methodological limits

Social, environmental and societal data can be subject to methodological limits for several reasons: the lack of harmonised definitions and national and international legislation, the qualitative nature of some data, or the different interpretations of standards between the parent company and RATP Dev subsidiaries.

### Social aspects

The Financial and Human Resources divisions determined that the quantitative social data provided for the report corresponded to the raw data from the different information systems as at 31 December 2016. Minor margins of imprecision exist but, thanks to the tests conducted, these margins can be considered insignificant.

All departures at the end of a trial period, whether decided by the employee or the employer, are recorded under "Other" ("New hires and departures" indicator). Authorised periods of absence are not incorporated in absenteeism figures for the parent company. CAEs, doctors and fixed-term hourly contracts are excluded from the total workforce but are considered for accident rates, training and disability. The number of hours of training for the parent company is calculated by taking the training conducted under the training plan into account.

### Environmental aspects

Environmental data calculated on the basis of meter readings or invoices excludes data unavailable on management report date of issue. Missing data is not estimated in the data provided.

For the "Water consumption" indicator: parent company consumption is obtained based on the invoices received as at management report date of issue. As a result, there is a risk of underestimating the indicator related to the late receipt of invoices from some suppliers.

"Production of non-hazardous industrial waste": for 2016 fiscal year, the volumes of non-hazardous waste (ferrous and non-ferrous) from rolling stock rework were retroactively reallocated to the fiscal years concerned following receipt of the associated repurchase notes. For the 2017 fiscal year, after reassessment of the method, these volumes of non-hazardous waste (ferrous and non-ferrous) were allocated to the 2017 fiscal year to ensure consistency with the physical disposal of rolling stock. The same method will be used for the next fiscal year reports. Moreover, for some of the subsidiaries concerned, there is no way to assess or weigh the quantities of ordinary municipal waste. Consequently, a portion of this waste is not recorded in the consolidated data.

"Greenhouse gas emissions from powertrains": energy consumption and greenhouse gas emissions indicators are established for the same scope as the parent company and RATP Dev subsidiaries. This scope includes all energy consumption, namely: powertrain; energy consumption, i.e. consumption directly induced by the passenger transport service; and energy consumption of buildings and auxiliary vehicles (service vehicles, company cars and maintenance vehicles). Total energy consumption (all energy sources combined) is expressed in gigawatt hours (GWh).

As for the "People exposed to the maximum threshold of EU directive 2002/49/EC" indicator, it is calculated regardless of the index applied. Indeed, the maximum thresholds defined in the directive are: exceeding the Lden index (24 hours day) by 73 dBA and the Ln index (night) by 65 dBA for rail transport. The proposed indicator therefore represents the cumulative number of people exposed to the maximum threshold of the directive regardless of the Lden and Ln index and regardless of mode.

The main sources of greenhouse gases were also specified, in accordance with decree No. 2016-1138 of 19 August 2016 on environmental information in the management report.

### Societal aspects

In 2017, RATP adopted a new scope to better reflect the impact of its activity on the economy: jobs induced by parent company activities. Based on the parent company turnover invoiced, wages and taxes, the indicator is calculated from an analysis of the INSEE input-output tables corresponding to the economic modelling developed by Wassily Leontief (Nobel Prize for Economics 1973). This modelling is entrusted to an external firm that conducts this type of research for other groups. The scope used corresponds to the one employed by other groups.

## Correlation table for the extra-financial report areas

No.	Areas of action	Pages	ISO 26000	UN Global Compact Principles	SDGS
	Group CSR policy	17	6.2	#8	16
	CSR Governance	18	6.2	#8	16/17
	CSR and its sphere of influence	19	5.3 7.3.2	#8	16/17
<b>SOCIAL INFORMATION</b>					
1	Employment		6.4	#6	5/8
1.1	Total workforce and breakdown by gender, age and geographic segment	21	6.4.3	#6	5
1.2	Pay and promotions	22	6.4.4	#6	5
1.3	New hires and departures	22	6.4.4	#6	8
2	Organisation of working time		6.4	#6	
2.1	Organisation of working time	23	6.4.4	#6	3/5
2.2	Absenteeism	23	6.4.4	#6	3
3	Social relations		6.4	#3	1/3/8
3.1	Social dialogue: consultation procedures, bargaining	23	6.4.5	#3	1/3
3.2	Report on collective agreements and their impact on business performance and working conditions	24	6.4.4	#3	1/3
4	Health and safety		6.4	#1 #3 #6	3
4.1	Health and safety conditions at work	24	6.4.4 6.4.6	#1 #6	3/8
4.2	Outcomes of agreements on these subjects	25	6.4.6	#3 #6	1/3
4.3	Accidents at work (frequency, severity, occupational illnesses)	25	6.4.6	#6	3/8
5	Employee training		6.4	#6	4
5.1	Policies implemented	26	6.4.7	#6	
5.2	Total number of training hours	26	6.4.7	#6	
6	Diversity and equal opportunities		6.3	#1 #3 #4 #5 #6	1/3/5/8/10
6.1	Professional and wage-based gender equality	26	6.3.10 6.3.7	#6	3/5/8/10
6.2	Employment and integration of persons with disabilities	27	6.3.10 6.3.7	#1 #6	1/8/10
6.3	Fighting discrimination	27	6.3.10 6.3.7	#1 #6	1/8/10
7	Promotion of and compliance with the provisions of International Labour Organization (ILO) conventions	28	6.3.10	#1 #3 #4 #5 #6	1/8

ENVIRONMENTAL INFORMATION					
1	Environmental policy		6.5	#7 #8	6/13/15
1.1	Group organisation on environmental matters	29	6.5.2	#8	6
1.2	Employee training and information on protection of the environment	30	6.5.3 6.7.9	#7 #8	15
1.3	Resources dedicated to preventing environmental risks	30	6.5.3	#7	6/13/15
2	Pollution		6.5.3	#7	11/12
2.1	Releases into the air, water and soil	32	6.5.3	#7	11
2.2	Noise pollution	33	6.5.3	#7	11
3	Circular economy		6.5.4	#9	11/12
3.1	Waste: prevention and recycling	34	6.5.3	#8 #9	12
3.2	Food waste	35	6.7.5	#8	2/12
4	Sustainable resource use		6.7	#7 #8 #9	6/7/11/12/15
4.1	Water: consumption and procurement based on local limitations	35	6.5.4 6.7.5	#8	6
4.2	Raw materials: consumption and measures introduced	36	6.5.4 6.7.5	#8 #9	12
4.3	Energy consumption and use of renewable energy sources	37	6.5.4 6.7.5	#7 #8 #9	7
4.4	Ground use	38	6.5.6	#1 #8	11/15
5	Climate change		6.5.5	#7 #9	13
5.1	Significant sources of greenhouse gas (GHG) emissions	39	6.5.5	#9	13
5.2	Adaptating to climate change	40	6.5.5	#7 #9	9/11/13
6	Protection of biodiversity		6.5.6	#7 #8	15
SOCIETAL INFORMATION					
1	Regional, economic and social impact of Group activities		6.8	#1	1/8/11
1.1	Regional development and employment	41	6.8.3	#1	1/8
1.2	Local residents and populations	41	6.8.3	#1	1/8
2	Relations with stakeholders		5.3.3 6.8.3	#1 #3	11
2.1	Conditions for dialogue with the stakeholders	42	5.3.3 6.8.3	#1 #3	11
2.2	Partnerships	45	5.3.3 6.8.3	#1	10/17
3	Subcontracting and suppliers		6.7.3	#8 #9	12
3.1	Integrating social priorities in purchasing policy	46	6.7.3	#8 #9	10/11/12
3.2	Subcontracting and recognition of supplier CSR policies	47	6.6.6	#8	11/12
4	Fair practices		6.6	#10	3/16
4.1	Preventing corruption and promoting human rights	48	6.6.3	#1 #10	16
4.2	Passenger safety	48	6.7.4	#1	3/16

# Report by one of the Statutory Auditors

## Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and societal information included in the management report

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

### For the year ended 31 December 2017

To the Boards of Directors,

In our capacity as Statutory Auditor of EPIC RATP, appointed as independent third party (parties) and certified by Cofrac under number 3-1049<sup>(1)</sup>, we hereby report to you on the consolidated social, environmental and societal information for the year ended 31 December 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the *Code de commerce* (French Commercial Code).

### 1. EPIC's responsibility

The Board of Directors is responsible for preparing a management report including the CSR Information required by article R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the EPIC (hereinafter the "Guidelines"), summarised in the management report and available on request on request from the Communications department.

### 2. Independence and quality control

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

### 3. Statutory Auditor(s)'s responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not our responsibility to pronounce on the compliance with the relevant legal provisions applicable if necessary, in particular those envisaged by article L. 225-102-4 of the French Commercial Code (duty of care) and by the law No. 2016-1691 of 9 December 2016 known as "Sapin II" (fight against corruption).

Our work involved five people and was conducted between October 2017 and March 2018 during a six-week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the CNCC (*Compagnie nationale des commissaires aux comptes* – French institute of statutory auditors) relating to this engagement and with ISAE 3000<sup>(2)</sup> concerning our conclusion on the fairness of CSR Information.

### 4. Attestation regarding the completeness of CSR Information

#### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the EPIC's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the EPIC, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the management report.

(1) Whose scope is available at [www.cofrac.fr](http://www.cofrac.fr).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.



## Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

## 5. Conclusion on the fairness of CSR Information

### Nature and scope of our work

We conducted interviews with the persons responsible for preparing the CSR Information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the EPIC, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites and entities selected by us<sup>(3)</sup> on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to

identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 86% of headcount considered as material data of social issues and between 69% and 100% of environmental data considered as material data of environmental issues (see the list of the environmental indicators in the appendix).

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the EPIC.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

## Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-la Défense, 27 March 2018

KPMG SA  
Philippe Arnaud  
Partner

The CNCC considers the translation not to have been signed, insofar as it is a free translation into English of the original report written in French. In fact, a signature is a graphic used by a person to identify themselves in a document and through which said person expresses their approval of the contents of the document. Furthermore, a signature on a report shows that it is an original copy. However, in the case in point, the original is the French version of the report.

(3) EPIC RATP and four entities RATP Dev in United Kingdom: London United Busway, London Sovereign, Quality Line and Selwyns.

## APPENDIX

### Social indicators

- Total Group headcount and breakdown by gender, age and geographical area
- Proportion of women among senior executives
- Group's total gross payroll and parent company's average net monthly compensation per employee
- Joiners and leavers, including breakdown of the number of leavers by reason of leave
- Proportion of part-time employees
- Absenteeism
- Number of collective agreements signed during the year
- Work-related accidents: frequency rate and severity rate
- Number of training hours
- Total number of people with disabilities, number of people with disabilities hired

### Environmental indicators

- Number of certified industrial sites, number of industrial sites with an environmental management system
- Total quantity of non-hazardous waste and hazardous waste
- Persons exposed to noise levels above the maximum limit specified by European Directive 2002/49/CE
- Total water consumption supplied through a public network
- Total energy consumption and breakdown of energy consumption by use
- Greenhouse gas emissions (from buildings and from transport services)

### Qualitative information

#### *Social information*

- Organisation of social dialogue including information procedures, consultation and negotiation with the employees
- Summary of collective agreements
- Occupational health and safety conditions
- Policies implemented regarding training

#### *Environmental information*

- Organisation of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues
- Resources allocated to prevention of environmental risks and pollution
- Measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment
- Consumption of raw materials and measures implemented to improve efficiency in their use

#### *Societal information*

- Territorial, economic and social impact of the company activity regarding regional employment and development and on the local populations
- Relations and conditions of the dialogue with stakeholders
- Integration of social and environmental issues into the company procurement policy

# Internal control relating to the preparation and treatment of accounting and financial reporting

## 1 — Preparation of financial reporting

### 1.1 Preparation of the financial statements

The RATP group issues its audited consolidated financial statements and certified parent company financial statements on a yearly basis. It also publishes half-yearly consolidated financial statements, which undergo a limited review by the Statutory Auditors.

RATP issues bonds linked to the EMTN<sup>(1)</sup> programme. The update of this programme, made every year, is reviewed by the Statutory Auditors who issue a comfort letter.

In general, the accounting information produced by RATP EPIC fulfils the requirements of its departments and units in terms of budgeting, forecasting and general management.

In accordance with the provisions of the French law of 3 June 2010, Infrastructure management and Transport operations have been accounted for separately, with a balance sheet and income statement prepared for each in the notes to the parent company financial statements. Two separate structures are dedicated to the accounting treatment of Infrastructure management and Transport operations. EPIC financial statements result from the consolidation of these activities.

To prepare the separate balance sheets and income statements, the appropriate amounts have been directly allocated to the corresponding line items or flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognised as such, internal transfer agreements between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. Such agreements govern the scope of the transfers, the valuation principles and the invoicing methods. They are regularly reviewed by both activities.

### 1.2 Control procedures on the preparation of the parent company financial statements

#### 1.2.1 Accounting policies

RATP ensures the segregation of duties of its accountants, treasurers and the departments authorizing expenditure. This segregation of roles is entered into information systems.

The accountants draw on an array of regulatory, management and accounting texts relating to their function.

RATP's accounting system is designed to ensure that controls take place throughout the process of preparing the financial statements.

#### 1.2.2 Regular controls

1. The department units and support groups are involved in RATP's accounting operations insofar as they authorise and engage company expenditure and revenue and define their cost accounting systems in line with the company's common accounting rules. This may involve delegated accounting tasks (data entries can be made without involving accountants from the company's accounting unit), either through direct access to accounting information systems to enter data such as external expenses, or by using local tools connected to the company's accounting information system. Formal procedures for these authorisations (scope, responsibilities, review process, accounting procedures, etc.) are in place. In addition to regular monitoring by the accounting offices, periodic reviews are scheduled in order to control use of IT systems and compliance with applicable agreements and procedures.

(1) Euro medium-term notes.

2. The local accounting offices of the company's Accounting unit are responsible for controlling the entries made by the units in the management system on a monthly basis. They make the corrections necessary and record operations not delegated to the units. An accounting office was set up for Infrastructure Management operations on 1 January 2012.

The purpose of having a body specifically to deal with capital expenditure is to centralise all issues relating to capital expenditure, including: accounting treatment for property, plant, equipment and fixed intangible assets; management of capital expenditure guidelines, and dissemination of capital expenditure rules and methods.

*Ad hoc* audits are also performed by the audit office of the company's accounting unit.

3. All data is reported to the central departments where summaries are prepared and centralised work is performed, including: recording of payables and receivables, centralising payroll receipts and costs, control of accounting quality, preparation of the financial statements (including the balance sheet, income statement and notes thereto, etc.).
4. Different controls are organised to respond to the constraints of separately accounting for the Infrastructure Management and Transport Operations activities, particularly in terms of access authorisations for accountants from one or other activity.
5. In 2017, the project to formalise and strengthen internal control work continued. This project forms part of an internal control and risk management system deployed throughout the entire company in the RATP group's Finance and Management Control department.

### 1.2.3 Monthly reporting

The accounts are closed every month, at which time the accounting offices ensure that changes in expenses and income are reasonable, and record closing entries. A central accounting unit performs a cross-company analysis of the results.

Responsibility for balance sheet entries lies with the unit's various offices, which perform reviews and other analytical procedures on a regular basis. These are reviewed by the central accounting unit, which performs a global check.

## 1.3 Preparation of the consolidated financial statements of the RATP group

The consolidation of the financial statements is performed using consolidation software comprising an application that implements the accounting policies and rules, which are regularly updated. The majority of the entities' consolidation packages are compiled by the subsidiaries' accountants. Much of the control work is carried out using the consolidation system configured to include numerous and occasionally restrictive controls. The software publisher maintains the tool.

The consolidated financial statements are produced by a specific entity within the company's accounting unit for the whole Group. In support of the management control of subsidiaries, this entity ensures that the source information provided by the consolidated entities is consistent. It is responsible for preparing financial information in compliance with IFRS (International Financial Reporting Standards) for the majority of the subsidiaries and making the consolidation adjustments (harmonisation of the financial statements, elimination of intercompany securities and transactions). Changes in shareholders' equity are reviewed for each subsidiary, and then justified globally at the Group level. Reviews of account balances are then made to verify their accuracy.

The information derived from the accounting consolidation is the same as that used by analysts from the Finance and Management Control department's unit responsible for subsidiaries, financial transactions and tax. As a result, during the closing period, information from subsidiaries is simultaneously analyzed and cross-checked against information from previous months and from budgets and forecasts.

## 2 — Internal financial and accounting control procedures

### 2.1 Compliance with accounting principles and legislation

#### 2.1.1 French generally accepted accounting principles

Due to its legal status as a public service company, RATP applies the same accounting principles as those generally accepted by and legally binding for commercial companies. Consequently, it applies the accounting policies set out by the French National Accounting Board in CRC regulation No. 99-03 of 29 April 1999. However, it is also required to meet the requirements specific to public service providers.

The financial statements of the EPIC are prepared in accordance with French generally accepted accounting principles (French GAAP). RATP implements a customised CoA (chart of accounts) as approved by the interministerial order of 21 March 1985. The customized CoA was prepared in accordance with the rules, principles and framework governing the French national chart of accounts.

#### 2.1.2 International Financial Reporting Standards (IFRS)

RATP applies effective IFRS to prepare RATP group's consolidated financial statements.

### 2.1.3 The Statutory Auditors

RATP appoints Statutory Auditors pursuant to the provisions of article 30 of law No. 84-148 of 1 March 1984 on the financial reporting and audit of industrial and commercial public companies, and the provisions of article 33 of French decree No. 85-295 of 1 March 1985<sup>(1)</sup>.

Following a call for tender, new Statutory Auditors were appointed for the 2015 financial year and for a term of six years (Mazars und KPMG).

### 2.1.4 The Audit Committee

The Audit Committee presents its opinion to the Board of Directors on accounting and financial matters, particularly the accounting and estimation methods used by RATP to prepare its financial statements, the internal audit programme and the risk management policy.

### 2.1.5 Accounting separation of Infrastructure Management and Transport Operations

The European regulation on public passenger transport services by rail and road was adopted on 23 October 2007 and became effective on 3 December 2009. The regulation limits the duration of the operating rights granted to public passenger transport services.

In France, article 5 of the French law of 8 December 2009 on public passenger services by rail introduced changes to the regulations governing passenger transport in the Île-de-France region. The law has entrusted RATP with the role of managing the infrastructure of the metro and RER networks, which it has been operating since 1 January 2010.

Finally, the Greater Paris law of 3 June 2010 specified that the Infrastructure Management activity must be accounted for separately from the activity of public passenger transport operations. For each of the activities, a balance sheet and income statement must be prepared from 1 January 2012, and must be certified annually. The law also states that all direct or indirect cross-subsidies between activities are prohibited.

Since 2012, RATP's consolidated and parent company financial statements have incorporated these provisions.

## 2.2 The relevance of financial reporting

### 2.2.1 Financial reporting system

RATP uses version R12 of the Oracle software application (new version rolled out in September 2010) for the parent company financial statements and Business Financial Consolidation for the consolidated financial statements. An AMOA (*assistance à maîtrise d'ouvrage* – project management support) incorporated into the Finance and Management Control department means that the various software applications required for financial reporting can be managed, with the support of the IT and Telecommunications department (SIT).

#### Preparation of the parent company financial statements

Monthly financial data are available after eight working days. This leaves time for a preliminary review of the financial information during which various controls are performed. The monthly data enable management controllers in the various departments to track their level of activity and ensure targets are met. At the level of the Central Management Control department, monthly financial reporting makes it possible to manage the risk of overruns and make the appropriate adjustments to meet margin targets. In order to ensure that reporting deadlines are met, hard-close financial statements are prepared at the end of May and at the end of October, respectively. The hard-close statements are verified by the Statutory Auditors.

#### Preparation of the consolidated financial statements

The consolidated financial statements are prepared on a half-yearly basis according to a timetable set at the closing of each period by the Finance department.

The production of the consolidated financial statements is managed by a section of the company's Accounting unit for the whole Group in order to ensure that the consolidated financial statements are prepared in accordance with current standards and regulations and that the information provides a fair presentation of the Group's business and financial position.

The annual and half-yearly financial reports are submitted to the AMF (*Autorité des marchés financiers* – French financial markets regulator).

### 2.2.2 Internal communication on best practice

The financial information made available to employees within the Finance department is available on an intranet site dedicated to Finance department employees. This new site provides information and news on the finance profession.

(1) Implementing decree of law No. 84-148 of 1 March 1984 on the prevention and out-of-court settlement of corporate difficulties.

The professional documentation required for their business activities is made available to employees of the finance function (management controllers, accountants, treasurers, tax specialists, etc.) through a GED (*gestion électronique des documents* – electronic document management system). These reference materials range from management principles to forms and fact sheets. All subjects related to economic performance based on AMF procedures are covered.

### 2.2.3 Internal accounting audits

Internal accounting audits are performed annually. Reports and action plans are issued after each audit.

The Finance and Management Control department is also responsible for the accounting and financial scope, which includes:

- organising and monitoring the “risk management” process. In 2017, two risks resulted in management plans followed by action plans. All risks identified on the risk map are now processed and updated;
- organising and monitoring the “internal control” process;
- describing and implementing a “reliable audit trail” for issued and received invoices, in order to meet the demands of the tax administration.

Throughout the year, monitoring ensures that action plans are implemented and deadlines are met.

## 2.3 Management control

The management control function is shared by the Central Management Control department (hereinafter the Finance and Management Control department) and the company departments represented by the network of management controllers, who report to the departmental managers.

Management control is implemented through an annual process known as the “management cycle”, the purpose of which is to monitor operating and capital expenditure budgets and the structural phases of business management (such as the Syndicat des transports d’Île-de-France agreement and departmental contractual objectives).

It is based on ongoing discussions between the Finance and Management Control department and all lines of business at various process stages (multi-annual forecasting, budgeting, reviewing forecasts for the current year and analysis of results).

These processes use technical tools shared by the Central Management Control department and department management control, which ensure homogeneity and traceability.

The management cycle is used to steer business performance.

The operating management cycle is divided into four major sub-processes:

- the medium-term, four-year business plan (current and three following years): the objective is to manage financial risk and medium-term performance through projections relating to productivity, management developments and new services. Ensuring consistency with the business plan is the priority for reviews at this stage;
- the budget which has a one-year framework: the key focus of analysis at this stage is ensuring consistency with each department’s contractual objectives. Verification is also performed to ensure that departments’ aggregate budgets comply with company targets. Analysis of variations from the previous year are performed for key areas, e.g. new services, productivity, management changes or new requirements, interdepartment transfers (internal changes in scope), and price developments. Changes in staffing levels are also reviewed and analysed at this stage;
- reports on production objectives, quality of service, change actions and, lastly, financial parameters are produced four times a year. The analysis covers, firstly, the objectives of the Syndicat des transports d’Île-de-France agreement for the quality of service portion and production, and secondly, the analysis of the objectives specific to each department. For the financial portion, analysis is performed for key areas (see above) in reference to balancing the business plan and the agreement with the Syndicat des transports d’Île-de-France;
- budget reforecasts, three times a year, are the subject of specific reports from individual departments and are consolidated on a company-wide basis to ensure consistency with the trajectory set.

The “capital expenditure” management cycle is also broken down into three major sub-processes:

- updating capital expenditure master plans: this annual update is performed for a ten-year period. The aim is to determine upcoming capital expenditure in line with company strategy. This process was strengthened by means of a framing and prioritisation initiative for the first five years (2016-2020), in accordance with the capacity to be financed as a result of the agreement signed with the Syndicat des transports d’Île-de-France. This initiative also helps meet the contractual reporting requirements defined with the Syndicat des transports d’Île-de-France;
- the capital expenditure decision-making process: this ensures that each decision to invest is relevant and fully reasoned. It initiates the opening of accounts authorising the project launch. Major projects are submitted to the Commitments Board prior to investment decisions;
- project and project portfolio reviews: updates and reviews are performed half-yearly. They ensure that projects are executed properly and that deliverables are obtained within the expected deadlines and budgets. These reviews also enable forecasts and controls of annual expenditure, and the associated impact on debt. The second half-yearly review is used to determine the budget for the following year.



## 2.4 Control of subsidiaries

Subsidiaries are subject to specific controls by the EPIC, aimed at managing inherent development risks. In addition to RATP's control, the subsidiary RATP Dev exercises management control over its own subsidiaries and equity investments.

### 2.4.1 Upstream controls

Upstream controls include:

- control of subsidiaries' corporate strategy through rolling medium-term business plans;
- control of significant decision-making issues such as those concerning budgets, the preparation of financial statements, bids on calls for tender, major contracts, capital transactions, equity investments and the founding of subdivisions within subsidiaries.

This control is exercised by each subsidiary's Commitments Board. For major subsidiaries, if the issues are significant, decision-making is also controlled by RATP's oversight bodies (APE), the Economic and Financial Control Board for Transport, the Budget department and Maritime Transport Board).

The subsidiaries' Commitments Boards convene prior to Board (or Supervisory Board) meetings, to prepare input and guidance for decision-making.

For RATP Dev and Systra, these controls are performed by the committees set up by Supervisory Boards in conjunction with RATP's Finance department:

- the Investment Committee (RATP Dev) and Commitments Board (Systra) for bids on calls for tender, contracts and acquisitions;
- the Finance Committee (RATP Dev) and Audit Committee (Systra) for budgets, half-year and annual reporting and medium-term business plans. These committees generally monitor compliance with accounting policies, financial reporting to the supervisory boards and risk assessments.

For the other subsidiaries, control over corporate strategy is exercised by a Commitments Board, which for each subsidiary comprises representatives of the subsidiary's management team, RATP's Finance department and RATP's executive management.

### 2.4.2 Downstream controls

Downstream controls include:

- monthly financial reporting on the basis of the accounting information gathered in the consolidation software. The information is presented in the form of an operating report on the subsidiaries, which is sent to the Executive Committee of the EPIC. The software is used for both monthly reporting and consolidation purposes, to guarantee the consistency of the data;
- performance of audits: a complete audit of operations is performed on certain subsidiaries every year.

Upstream controls and monthly financial reporting are performed by the Finance and Management Control department unit responsible for subsidiaries, financial transactions and tax, while audits are performed by DGACI (délégation générale audit et contrôle interne – general directorate for audit and internal control) staff.

### 2.4.3 Other controls

RATP's Board of Directors reviews the financial position of subsidiaries twice a year:

- in March, it reviews the previous year's performance and consolidated financial statements;
- in June, it reviews the outlook for the current year.

A quarterly report on the RATP Dev subsidiary is sent to the Board of Directors. The Board of Directors gives its opinion on the budget and medium-term business plan, on acquisitions and investments exceeding certain thresholds and on certain bids on calls for tender.

The consolidated budget for the RATP group is presented to the Board of Directors at year end.

## 3 — Financial instrument risk management

### 3.1 Corporate funding policy

RATP's financial strategy consists of harnessing sufficient financial resources to fund its ordinary business, capital expenditure and to repay its borrowings. RATP sources most of its funding on organised or over-the-counter debt markets. RATP has several financing programmes covering both long-term and shorter-term maturities, including:

- the maximum €6 billion EMTN programme;
- the maximum €2.5 billion NEU CPs (formerly Commercial paper) programme.

Ratings awarded by Moody's and FitchRatings help to assure RATP's credit and provide the financial markets with visibility. Short and long-term ratings awarded by ratings agencies were as follows at 31 December 2017:

- FitchRatings: AA, F1+ with stable outlook;
- Moody's: Aa2, P1 with stable outlook.

RATP recently implemented a financing strategy that aims to diversify its investor base and place its bonds internationally:

- launch of the green bond programme (first issue in June 2017);
- presentation of RATP via international road shows.

This renewed funding strategy was successfully implemented. Throughout 2017, RATP increased its access to international markets, France only accounting for 38% of investors compared with 60% in previous years.



In June 2017, RATP launched its very first public issue in green bond format of €500 million at 10 years (maturing in May 2027). This inaugural transaction was very well-received by the market and enabled RATP to diversify into investors committed to the fight against climate change. In the spirit of COP 21, RATP confirmed its contribution to the ecological transition by funding the sustainable modernisation of its rolling stock and infrastructure by developing innovative financing instruments. To successfully complete this operation, RATP drafted a framework in line with Green Bond Principles which was validated by the non-financial rating agency Vigeo Eiris.

### 3.2 Financial/market risks

RATP uses all available financial instruments to optimise the cost of debt and hedge its exposure to changes in interest rates, exchange rates and commodity prices, while applying strict management rules and complying with hedge accounting criteria:

- RATP systematically hedges all exchange rate risk on its foreign currency debt or deposits using cross currency swaps;
- RATP regularly hedges its exposure to interest rate movements on future bond issues using swaps and swaption collars;

- RATP uses all interest rate instruments (swaps, caps, floors and swaptions) to optimise its financial expense, while complying with the microhedging rules set forth by French accounting principles:

- all interest rate derivative instruments are matched to a specific underlying financial liability, with a shorter or equal maturity to the underlying,
- RATP backs fixed-rate financial liabilities with interest rate swaps to receive a fixed rate and pay a floating rate indexed to euro yield curves.

Given the historically low level of interest rates, at 31 December 2017, 91% of RATP's debt was at a fixed rate and 9% at a floating rate;

- RATP may cover its exposure to commodity price movements by using financial instruments indexed exactly to the physical delivery terms agreed with suppliers.

Counterparty risk is limited through the systematic use of guarantee clauses in all framework agreements related to financial instruments. Some collateral (only in the form of cash) is required up to the market value of financial instrument portfolios with each counterparty with which RATP is at risk.

RATP uses its €2,500 million NEU CPs programme to manage its liquidity risk. It invests surplus cash (averaging €1.2 million in 2017) in funds that comply with IFRS 7 criteria for classification as "cash equivalents". The investments (primarily money market UCITS and long-term deposits with major French banks) must fall within the constraints (quality of credit, limits, term, etc.) set by management rules.

# Risk management and internal control and audit functions

Internal control is an integral part of risk management, itself an integral part of the overall corporate governance process.

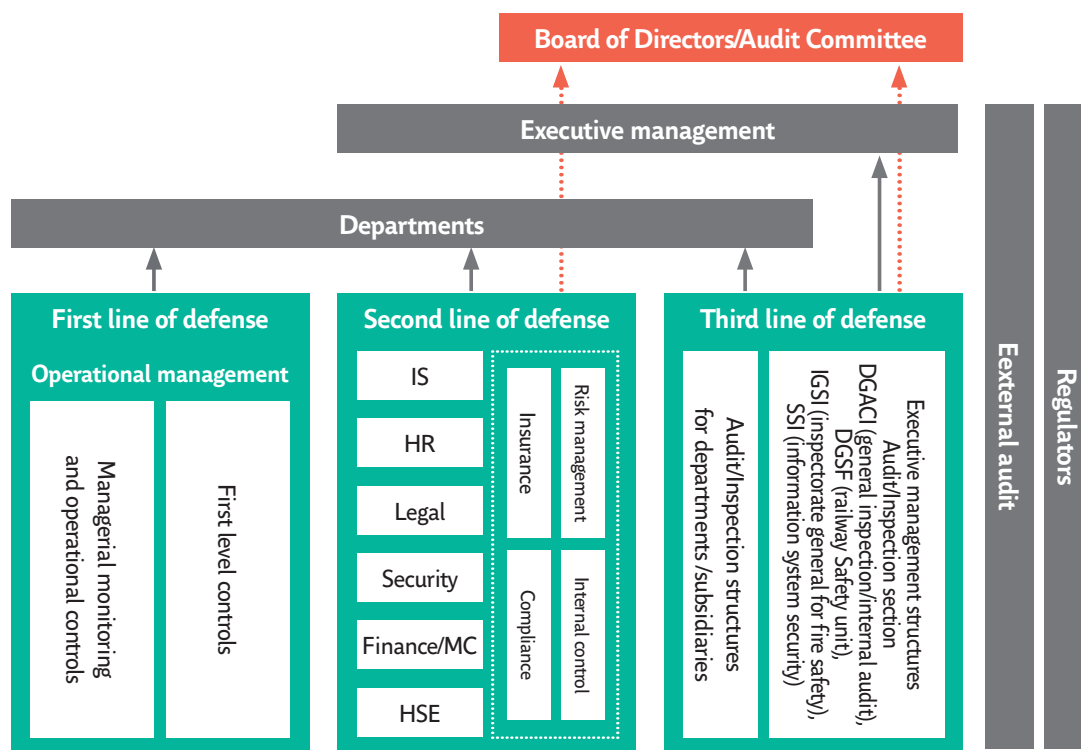
Risk management and internal control play complementary roles in controlling the company's activities<sup>(1)</sup>:

- *"firstly, the risk management system aims to identify and analyse the company's main risks. Risks that exceed acceptable levels set by the company are dealt with and, as the case may be, are subject to action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the organisational structure. The controls to be implemented are part of the internal control system. In this way the internal control system contributes to the management of the risks incurred in the company's activities;*
- *secondly, the internal control system relies on the risk management system to identify the main risks that need to be controlled;*

- *in addition, the risk management system needs to include its own controls that are part of the internal control system and aimed at ensuring the proper functioning of the risk management system."*

Moreover, the risk management and internal control systems are continuously monitored to assess the quality of their performance. Oversight is implemented by the internal audit function, one of the roles of which is "to evaluate the effectiveness and contribute to the improvement of risk management processes", as set forth in IIA<sup>(2)</sup> Standard 2120.

With this in mind, the RATP group's approach is based on the principle of three lines of defense as defined by COSO 2013 and clarified by the IFACI (Institut français de l'audit et du contrôle interne – French audit and internal control institute) and the Amrae (Association pour le management des risques et des assurances de l'entreprise – French Association for Corporate Risk Management and Insurance):



- the first line is represented by operational management, which ensures the rapid achievement of results and the control of the work processes by monitoring day to day activities; it thus constitutes a first line of defense against failure to achieve goals;

- the second line is represented by cross-company functions, which continuously monitor operating activities, as well as the risk management and internal control functions;
- the third line of defense is borne by the internal audit function at the department and executive management level.

(1) AMF reference framework, revised in July 2010.

(2) Institut des auditeurs internes – Institute of internal auditors.

# 1 — Risk identification and management

The RATP group distinguishes two specific categories of risk:

- corporate risks, which are company-wide risks;
- and risks within the departments and subsidiaries, identified for Group subsidiaries and departments.

The Executive Committee defines the company's risk control policy. A company-wide risk owner is appointed by a member of the Executive Committee, at the proposal of the head of risk management.

This "risk owner" is required to control the risk, *i.e.* ensure monitoring and analysis, and also supervise the actions to be implemented to avoid it.

In addition, each head of department is responsible, with regard to the Executive Committee, for controlling the risks to which its business is exposed.

## 1.1 Role of the head of risk management

The role of the **head of risk management**, who operates at RATP group level within executive management and as a member of the Executive Committee, is to oversee comprehensive corporate risk management systems to ensure that all Group risk is monitored.

A general instruction defines the risk management system and the company policies to be implemented by all managers. These methods are based on three processes:

- defining formal procedures for the risk guidelines, risk assessment and mapping of priority risks. Risks are broken down according to their type (strategic/commercial, operational, human resources, financial/economic, regulatory);
- the development of plans to deal with situations identified as major threats on the map, in order to define the effectiveness of existing prevention and protection barriers, whatever the technical, organisational, legal, commercial, communicational nature. The output data for this process is the acceptability or otherwise of the risk as is, and if not, the introduction of an action plan aimed at enhancing control of this risk;
- the monitoring of ongoing actions as defined at the end of risk management plans.

This method is applied at all levels of the company, Group, EPIC RATP departments, major subsidiaries and, since 2013, smaller RATP Dev subsidiaries. It allows a shared vision of the Group's different entities, and ultimately highlights best practices to apply across the Board.

Group or corporate mapping presents threatening events at Group level. These are company-wide risks, still referred to as "Comex risks", because each of these risks is placed under the responsibility of an Executive Committee member depending on its type. The member of the Executive Committee appoints a risk owner, who is required to control it (risk management and control).

In addition, risks that require a cross-functional approach involving several departments are dealt with specifically through work led by the head of risk management.

A network of risk management correspondents manage risk processes at department and subsidiary level and effectively relay risk management procedures at their level.

The system was initiated in 2010. It has enabled a comprehensive analysis and inventory of the risks facing the RATP group, along with the associated prevention and protection strategies. Status updates are performed periodically.

## 1.2 Deployment of the risk management process in the Group

In line with the three-year plan for the method applied by the RATP group, the new 2015 risk map (third iteration) was validated in June 2016. It was completely reworked on the basis of interviews with each of the Group's senior executives and surveys conducted within executive committees. The Executive Committee identified 26 major risks.

At year-end 2017, specific mapping had commenced, with the "risk owners" in question, for 79% of threatening events for each of the identified company-wide risks in the Group's 2016 mapping. The formalisation of plans to deal with situations considered as major threats was approved for 23% of these risks.

It is recalled that this method is obviously applied within departments and subsidiaries for each of the risks identified as the most critical in these entities. The new risk map resulted in a complete overhaul of the work previously undertaken in these structures. In addition, certain departments included the risk management methodology in the process for ISO 9001/2015 certification, focusing on quality and risk management.

RATP Dev is actively involved in working groups on company-wide risk. Its professionals actively contribute their expertise on both risk matters and the subsidiary's business environment (competitive environment, geographic scope, etc.).

Its deployment to RATP Dev's smaller subsidiaries began in 2013, and by the end of 2017, 34 subsidiaries had been covered. Risk mapping enables the risk specific to each entity to be identified alongside risk affecting all subsidiaries, RATP Dev and RATP. The process is therefore implemented at all Group levels, from the corporate level to operational entities serving the final customer, with genuine mutual benefits.

### 1.3 Changes in risk management

Following an analysis of the maturity of RATP's risk management conducted at year-end 2014, the Group approved a risk management improvement programme. It consists of three main components:

- the establishment of a Risk Committee to ensure better monitoring of risk mitigation actions;
- the implementation of an RMIS (risk management information system), bringing together risk management, internal audit, internal control and insurance management;
- the creation of a training programme on risk culture for managers.

Certain corresponding projects were implemented in 2017:

- the Operational Risk Committee met in June for risk owners to present their risk management work based on KRI (key risk indicators) set up for company-wide risks;
- following an RFI (request for information) and subject to 2016 specifications, the RMIS was the subject of a market consultation for the launch of design workshops planned for December;
- e-learning-based training on risk culture is being studied.

In addition to these measures, and since 1 November 2016, the insurance and risk functions have been combined within the DGMR (*délégation générale au management des risques* – Risk management department) in order to take into account all mitigation measures, including the transfer to the insurance market for major risks.

Some related measures and studies were completed or launched:

- the introduction of a framework buildings insurance agreement (line extensions, real property programmes and other projects) will provide effective protection for RATP projects and their stakeholders;
- a study on the advisability of property insurance to protect RATP assets was launched so that it can be put before the Executive Committee for a decision.

### 1.4 Company-wide risks

Company-wide risks, 26 in all, are risks identified as major at the RATP group level, in each of the following areas:

- strategy/commercial, in the context of the Group's development and competition;
- operational, linked to the risks of all kinds of accidents in RATP's core business as provider of railway and road transportation services;
- human resources, for a Group employing more than 59,000 people (labor-management conflicts, professional risks);
- economic and financial, in connection with the Group's development on an international scale;
- the health environment, as part of the company's corporate social responsibility;
- criminal/civil liability, due to the increasing complex legalities affecting the company.

Based on the latest risk maps, there are ongoing efforts to define formal risk management plans for coping with these threatening events identified as highly critical, for each of the company-wide risks. The challenge of this analysis is to clearly identify potential vulnerabilities (insufficient control in terms of prevention or risk coverage) and propose, as applicable, action plans to reduce them.

It is recalled that this method is obviously applied within departments and subsidiaries for each of the risks identified as the most critical in these entities.

#### 1.4.1 Development risk

The Group's development entails a particularly high risk. Expert working groups have conducted in-depth reviews of the most sensitive issues for RATP.

Security and health risks for RATP group seconded employees or expatriates who contribute to the Group's development were thoroughly analysed in 2014, and the action plan was implemented in the form of:

- a general instruction focused on security abroad;
- a general instruction focused on the travel policy;
- a dedicated structure integrated into the DGMR;
- an information system for risk management internationally.

#### 1.4.2 Compliance risks

Under the impetus of American and British compliance legislation, in particular the US Foreign Corrupt Practices act (FCPA) (1977) and the UK Bribery act (2010), legislation compliance requirements have increased in recent years. In France, the "Sapin II" law, in force since 1 June 2017, highlights the crackdown on corruption with the enforcement of extraterritoriality of the standard and a duty of increased vigilance for partners.

Taking into account the risk analysis required by the law, the Group Compliance function was integrated within the DGMR, with the creation of a division reporting to a compliance manager.

This involves the compliance manager overseeing an action plan arising from the eight requirements of the "Sapin II" law and, in particular, risk mapping. Risks have been mapped at corporate level and risk mapping is being rolled out for the Group's departments and subsidiaries.

Target risks include risks regarding the corruption to which the RATP group may be exposed, either because it is the prime contractor (buyer) or because it is the tenderer (supplier or service provider).

Compliance with rules on competition, fraud and conflicts of interest will form part of other subjects handled by the Group Compliance function.

Personal data protection is dealt with under the framework of regulation (EU) 2016/679, which will be immediately applicable as of 25 May 2018. Following advice from a data protection officer, changes to the company's organisation were submitted to the Executive Committee for approval. These changes, as well as identification of the data processing in question are in progress Group-wide.

### 1.4.3 Ethical risks

As a result of changes in the financial and legal environments, as well as in the media, both nationally and internationally, on 1 January 2017, the RATP group created an Ethics, CSR and Compliance Committee (Cersec) and appointed the Ethics department to act as secretary. Due to the Group's growing international activity and the increase in the risk factors resulting from said activity in all areas, in addition to the importance given to national and supranational legislation in relation to corruption, competition and data processing, the respect of human rights and sustainable development, and also the sensitivity of religious issues, discrimination and different forms of harassment and issues of diversity, the company's ethics policy, compliance programme and CSR policy must be articulated coherently.

This Committee, chaired by the President and CEO, was assigned a dual role:

- firstly, to develop a culture of ethics and integrity by defining and promoting shared values within the Group, as well as the applicable regulations;
- secondly, to evaluate the efficacy of the programmes, including the compliance programmes implemented by the departments and subsidiaries.

Three priority aspects have been identified:

- firstly, ensure that we work together in accordance with the rules of gender neutrality and equality, by practicing inclusive diversity;
- secondly, strengthen the tools to prevent the risk of corruption and any type of financial crime, in accordance with national and international regulations, notably the "Sapin II" law;
- and finally, reinforce the example set by the Group in terms of the environmental policy.

Cersec met four times in 2017, approving the CSR road map, the structuring of the Compliance function and its risk mapping, the general organisation of the future ethics code as well as the general warning system. It gave the green light to work on updating current values, which date back to 2009-2010. This process will take place in 2018 although methods are still to be defined. Common and adaptable guidelines are needed now more than ever as the company is making a firm commitment to dealing with the challenge of opening up to competition as part of the 2025 Challenges operational plan.

In so doing, the RATP group is reaffirming its previous commitments in relation to the UITP Charter in 1999 and the United Nations Global Compact in 2003, the National Accessibility Charter in 2003 and the Company Diversity Charter in 2004. It is confirming its desire to deploy the "Work together" plan throughout all EPIC- RATP and the French subsidiaries. This plan was published on 25 February 2015 to promote the values of secularism, neutrality and non-discrimination, and the importance placed on gender equality.

A major awareness-raising and training programme in conjunction with the Human Resources department is being continued to ensure that each manager who is confronted with a sensitive and unprecedented situation is able to make a decision that is fair, respectful of our values, in compliance with the law and mindful of RATP group's stakeholders.

### 1.4.4 Legal risks

The company's Legal department provides advice and analysis, draws up contracts, handles claims and disputes, and provides legal training for all the company's business activities. It prepares for or initiates change, makes proposals to the public authorities, monitors legal developments (other than those relating to technical matters), disseminates information on best practice, assesses risk – in close collaboration with RATP's head of risk management and head of compliance. It provides the company's legal representation in all jurisdictions. Where appropriate, it assists the different entities within the Group, taking confidentiality and financial imperatives into account.

The department's permanent primary objective, as it provides support to all levels of the company, is to ensure that the legal aspects of all the projects and operations undertaken by the company are secure and compliant.

In 2017, the Legal department assisted with several issues and the following strategic areas in particular:

- dealing with the strategic challenges of competition (legal and social requirements of operating public transport in a competitive market, strategic partnerships, development of new forms of mobility, etc.);
- monitoring European issues (changes in regulatory texts, State subsidies, market concentrations, etc.);
- implementing texts transposing market directives and concessions, updating IG 461 G with RATP procurement codes and the purchasing guide;
- development in Île-de-France by contributing to the definition of the strategy, actions to be undertaken and monitoring of responses to calls for tender through, among other things, taking part in commitments boards;
- the monitoring of network development projects (including the Greater Paris project);
- support for operational departments in relation to the deployment of the guidelines on environmental law and urban planning procedures, as well as the application of changes to environmental law;

- relations with Syndicat des transports d'Île-de-France (legal aspects for a number of common issues, notably those relating to the operation of services, assets, contracting, ticketing, protection of the brand and data transfers) and monitoring of the execution and application of the agreement with Syndicat des transports d'Île-de-France;
- the development of research, development and innovation contracts (protection and promotion of RATP's know-how);
- identifying and optimising different ways of improving and encouraging innovation at RATP;
- handling the company's online and social network issues and measures;
- monitoring changes in personal data protection (General Data Protection Regulation GDPR) and procedures for the provision of data to the public (open data) with the definition of protocols (Macron and Lemaire laws), and the adaptation and creation of new contractual arrangements for the application of these texts;
- the analysis of legal risks, notably in regard to the monitoring of projects, and the defining and enforcing of contracts in order to ensure the company's performance;
- the protection of RATP's business assets (problems related to the status of operators of vital importance OVI) and the security of the information systems;
- legal aspects of the fight against fraud and territorial control: recovery of fines, improving texts relating to security and fraud, participation in the National Transportation Safety Committee, actions in support of vulnerable persons;
- issues arising in relation to the fight against racism and discrimination, secularism and the implementation of the "Work together" plan;
- supporting the development and operation of subsidiaries;
- oversight of the implementation, within the RATP group, of a structured compliance process.

#### 1.4.5 Procurement risk

The department in charge of real estate, procurement and logistics contributes to controlling procurement risks by:

- providing internal communication on best practice, including regularly updating procurement guidelines, informing buyers and legal staff of the reservations and observations made after each review by the Procurement Board, and coordinating the procurement and logistics networks;
- upstream controls by reviewing files relating to purchases in excess of €750 thousand and submitting purchases of over €5 million to the Procurement Board;
- preparing a monthly procurement overview, monthly, half-yearly and annual reports on procurement for the Technical and Technological Transport Modernisation Committee (TTTMC), and an annual report on the work of the Procurement Board.

During 2017, significant work included:

- setting parameters for the company-wide HA-IS procurement information system further to procurement file management and the gradual deployment of supplier assessments, reporting in all departments; introducing an HA-IS business line organisation plan to optimise use with the creation of a users' club, the addition of FAQs, demonstrations, tutorials, step-by-step interactive guides and e-learning. Please note that the HA-IS standardises processes and practices between departments, and tracks dialogue with suppliers and approvals of key procedural phases;
- continuing to update procurement guidelines, notably practical information, writing guides and modules providing training in new rules on placing orders; the introduction of a "flexible" procedure with start-ups, supplying buyers with a practical guide, a standard contract that can be adapted and HA-JUR support; the availability of a new range of Purchasing Academy training courses for 2018 with new modules entitled "Financial analysis", "How to construct a procurement file", "Responsible purchasing" (adapted "Sapin II" and duty of care modules) and modules dedicated more specifically to APS (marketing, procurement, supplier assessment);
- providing buyers with financial monitoring tools (Intuiz for French suppliers and Dun & Bradstreet for foreign suppliers) to identify suppliers at risk of default;
- incorporating expertise into the > €5 million procurement process (cases brought before the Procurement Board) and challenging the price review formulae inserted into contracts (relevance of indices and weighting challenged with the proposal of a new formula/new indices, where applicable);
- departmental variations of CSR Action plans arising from CSR mapping of HA segments launched in 2016 (VAL and SIT in particular);
- launch of "Sapin II" risk mapping, with identification of corruption and influence peddling risks on the procurement cycle (action plan to come in 2018) and guides to oversee measures relating to transparency/vigilance in relation to the value/supply chains (for example, social audits incorporated into future bus contracts in the same way as for clothing);
- the opening, last October, of a procurement social network called "LinkHA", which is an Urban HA forum specifically intended for RATP buyers; LinkHA can also be used to share best practice and information.

#### 1.4.6 Risks linked to information systems, telecommunications and cybercrime

Since 2003, the company has implemented an information security policy, which sets out the principles and rules governing the confidentiality, integrity and continuity of information systems. The policy is enforced by an information systems security manager through a structured functional network of contact persons in each RATP department.



The company applies information security standard ISO 27000 to implement best practice. Various measures have therefore been taken such as:

- defining and applying a Group security policy and related security guidelines (password policy, security approval and incorporation in projects, etc.);
- defining and implementing a single, centralised authentication strategy;
- introducing in-depth security mechanisms such as gateways, firewalls, DMZ, key management infrastructure, antivirus, antispy applications, etc.;
- setting up a system for promoting awareness of information systems security and delivering training to all company employees;
- systematically including security and confidentiality clauses in contracts to safeguard information property, thus enabling stringent control over IT development and maintenance activities;
- performing systems and technical audits (self-testing, vulnerability audits, intrusion testing, etc.), along with feedback sessions, exercises and simulations to verify compliance with security policies;
- implementing incident management processes to ensure that all incidents are reported to the line managers responsible for information systems security.

In addition to implementing best practice, the company has approved a road map relating to information system security in order to fulfill two major objectives:

#### 1.4.6.1 Establish corporate governance for information systems security

- Actions relating to information system security are overseen to guarantee that the systems implemented are adequate in terms of the challenges facing the business.
- The security function is based on a risk management initiative already launched within RATP's departments: the mapping of information system security risks was updated and validated for all departments in 2017, and management plans were prepared for one or several major risks. Management plans continued to be implemented in 2017-2018; the security function was also formalised with risk mapping of the Ixxi and RATP Dev subsidiaries.
- The IS security policy has been updated to take into consideration the new challenges faced by the Group. The main changes related to the inclusion of the ISS risk management process as the basis for cybersecurity, expansion of the field of application to all information systems (including industrial systems) and entities forming part of the RATP group (EPIC, subsidiaries, etc.), and harmonisation of related best practices. In 2017, a new "IS approval" security instruction enhanced the Group's security guidelines and made it possible to incorporate cybersecurity issues into our IS projects, as required.

- Under the Military Planning law (which came into force for the transport industry on 1 October 2016) and further to a gap analysis carried out on all the scopes in question, a compliance action plan was drafted and launched. Likewise, the systems projects in question now include these new requirements as standard.
- The issue of financing cyber risks by means of an insurance company was studied and the findings of the study were presented to the executive management. The RATP is now committed to a market consultation for a request for information (RFI).
- In 2017, the scheduled DGACI workload made it possible to check the level of security of approximately 15 information systems, including industrial transport and energy systems. In conjunction with the ANSSI (Agence nationale de la sécurité des systèmes d'information – French national cybersecurity agency), particular attention was paid to in-depth assessment of automatic driving systems in the light of cyber threats (relating to the State). The formalisation and implementation of corresponding action plans continued in 2017-2018. The scheduled annual audit workload now includes the entire Group scope. The subsidiaries were audited for the first time (RATP Dev/CasaTram, RATP Dev/SETRAM). This assessment/control of Group practices will be extended in 2018.
- The process of setting up a cyber risk management tool was launched. This process continued and was put into practice in 2018 with the Group-wide definition and monitoring of the first KRIs (key risk indicators).
- An awareness-raising campaign on information system security for all employees was implemented throughout 2017.

#### 1.4.6.2 Increasing the effectiveness of operational information systems management

- The operational security centre, deployed on the most exposed information systems, in order to develop the Group's analysis capacity and real-time control, and also to guarantee rapid and consistent action in the event of security incidents (hacking, mass virus attack, etc.); it is operated by a specialist provider.
- The RATP security system is adjusted on an ongoing basis; this process is reflected in numerous technical projects:
  - segmentation and fragmentation of flows depending on the criticality and degree of confidentiality of the data exchanged as part of the renewal of the core of the transmission network;
  - deployment of a data protection system (hard drive encryption) for workstations, in particular for roaming users who store sensitive data;
  - introduction of a centralised access management system and privilege accounts in data centres;
  - managing obsolescence and system updates as part of a formalised industrial policy.
- Digital initiatives, in particular, the different mobility projects, are systematically supported to gain a better understanding of the security dimension; an IS security guide has been prepared for "Big data" and "IoT" (Internet of Things) projects.

### 1.4.7 Human resources risks

These risks can be broken down into three categories:

#### 1.4.7.1 Professional risks

2017 was marked by the implementation of the action plan relating to the company-wide work-related accident prevention and reduction project, in particular, training all those involved in the process and launching trial phases in certain departments.

Other measures for the prevention of professional risks include:

- organising working groups to update the professional risk assessment process;
- setting up the prevention network;
- deploying the external companies management process in terms of prevention, through the compilation of a guide and standard documents (prevention plan and appendices), and developing the skills of those involved in the process;
- ongoing revision of GI 539 relating to the use of chemicals in the multi-disciplinary work performed with the main stakeholders in the process, particularly occupational physicians responsible for the toxicological unit and the SID (*système d'information documentaire* – documentary information system);
- deploying and organising the implementation of a regulatory company-wide monitoring process for risk prevention and occupational health;
- participation in the ongoing update of the Flood Risk Prevention plan;
- support for the company's certification plan, with training and organisation of the network of auditors for OHSAS 18001 certification.

In 2017, in order to demonstrate the company's commitment to the prevention of psychosocial risks, the support and advisory platform contributed specifically to services such as:

- improving the human resources procedure for the prevention of harassment;
- the continuation of the “psychosocial risks: understand and take action” training programmes for all team managers, heads of human resources, Health and Safety Committee members, and departmental heads;
- continuation of a new training course for human resources managers, which includes a section on HR's role in preventing psychosocial risks;
- continuation of the section of HR training curriculum for assistant HR managers on preventing psychosocial risks;
- greater collaboration between the consulting and support platform and the occupational physicians.

#### 1.4.7.2 Risk of skill loss

Managing the risk of “key skills loss” forms part of the overall human resources policy. It aims to create barriers to avoid any loss of skills in a key area that affects the entire company. This relates to critical skills, areas with highly sought after skills, areas with high turnover rates (demography, retirement, etc.), or even skills provided by a company-wide sector.

By way of example:

- The initiative for “management of the risk of skill loss in railway safety”, sponsored by the head of the Railway Safety unit and initiated in 2013, aims to strengthen and develop the key skills within railway Safety which are necessary to ensure proper operation. It has been listed since 2016 in the company's strategic guidelines 2025 Challenges, and is based on an inventory of company employees' railway expertise as well as on management levers for the following HR issues:
  - the replacement of railway safety professionals (retirement, transfer, other);
  - the construction of Group career paths (EPIC, subsidiaries);
  - the drafting of succession plans for sensitive roles (defined in GI 544A);
  - the transmission, management and development of employees' skills.

Protective measures have therefore been put in place to prevent human risk factors in operating, maintenance and engineering activities. Employee training has a central role to play in these protective measures. In 2017, an inventory of training courses contributing to railway safety was compiled and shared with the departments in question;

- the “jobs and skills forecast management operation” initiative, sponsored by the Deputy Executive Director for Transport Operations and Maintenance and launched in 2016, aims to construct a comprehensive HR policy. It supports the development of subsidiaries whilst retaining the skills needed to keep the EPIC competitive.

In 2017, one network meeting and one steering committee meeting were held. 14 “management role identity cards” were created, based on a common model of EPIC/PSTG (*profils stratégiques transversaux Groupe* – Group-wide strategic profiles). The aim is to provide greater visibility on the key stages for building a strategic career within the Group so that some career paths can be regulated, targeting jobs with highly sought-after skills as a priority;

- further, the company's human resources master plan takes into account the risk of losing key and so-called “critical” skills by identifying those that hold these skills within the departments, and the related action plans to address the issue. In 2017, 244 employees (25% of whom were seniors) therefore had over 66 critical skills which were identified for 9 departments. To address the issue of the critical nature of these skills, action plans were put in place. They mainly focused on replacing employees with these skills (56% of action plans), skills development (25%) or skills transfers (15%).

#### 1.4.7.3. Labour dispute prevention

As implemented in the company since 1996 and required by law since 21 August 2007 and 19 March 2012, all strike warnings must be preceded by collective bargaining, initiated by notices to bargain and having ended in disagreement between union and employer representatives.

Notices to bargain may be served at any level of corporate decision-making (core, department or unit) as appropriate in terms of the matter raised and provided that the matter is collective. A meeting is held between the department affected by the matter and the union(s) that served the notice to bargain.

If the parties reach an agreement or find solutions to the matter, a binding statement of agreement is drafted and signed by the parties further to the meeting. The same applies if no agreement is reached; in this case a statement of disagreement is drafted and signed.

The statement is then sent to all unions at the level at which the notice to bargain was served.

Thereafter, and only in case of disagreement, the trade unions that served the notice to bargain have the opportunity during the following month to file a strike warning on the same issue. The warning shall not take effect until five clear days after filing.

In accordance with service continuity requirements, RATP has a contractual obligation under the Transport plan agreed with Syndicat des transports d'Île-de-France, to provide a minimum level of service at all times.

The system continues to fulfil its purpose as a means of preventing labor disputes, as 95% of matters dealt with by collective bargaining do not result in strike action. After 2016, which was characterised by strikes associated with the "Labour" law, the conflict died down in 2017, averaging 0.45 day per employee per year.

#### 1.4.8 Corporate risks and fire risks

The General Safety Control department aims to ensure that the processes to limit system risks are correctly defined and implemented under the direct responsibility of the departments and the units in charge of this. Its role is also to improve RATP's fire safety measures. At the request of the managers concerned, it may also work with RATP group subsidiaries.

The GSC department is assisted in its work by two separate units: the Corporate Risk Management (CRM) unit and the Fire Safety (FS) unit.

The role of the CRM unit, at the request of executive management or the departments, is to:

- oversee the risk management system;
- conduct methodological studies on safety (potential context and events);
- perform system reviews, appraisals, risk assessments, determine risks of human error, and gather operational feedback on rail transport matters;
- analyse daily operating reports on guided transport networks;
- run the special railway safety committees;
- raise awareness of systems risk management policies and of human and organisational factors.

In addition, for corporate risk management purposes, each month the CRM unit of the General Safety Control department prepares a document on danger signal alerts, based on data provided by the operating and maintenance departments of the metro, RER, tramway and OrlyVal networks. The document reports reasoned recommendations on each identified risk. It is sent to executive management and to the departments concerned to produce corrective measures which

are then tracked per network (metro, RER and tramway) by the steering committees of railway safety chaired by the head of the Railway Safety unit.

The General Safety Control Fire Safety unit deals with all aspects of fire safety and evacuation procedures. Its aim is to:

- constantly improve fire safety within the company;
- organise feedback sessions on fire safety in railway systems;
- coordinate emergency fire services with the company's fire safety measures;
- monitor operating premises and projects under construction;
- train employees in fire safety;
- enforce regulatory compliance with fire safety procedures and systems in railway stations, metro stations and buildings, through the work of the IGSI (*Inspection générale de sécurité incendie* – inspectorate general for fire safety).

The General Safety Control Fire Safety unit is responsible, together with the concerned departments, for improving the fire safety level of the STPG (*systèmes de transports publics guidés* – guided public transport systems).

It provides technical support to the GSI as set out in article 2 of the order of 24 December 2007 approving the safety rules governing fire safety and panic risk in stations.

The Fire Safety Unit is active at all levels of the company, through the work of the CTSI (*commission technique de sécurité incendie* – technical committee for fire safety) and its network of local contacts.

The unit performs smoke and fire tests to measure and analyse air movement in underground areas. The results of the tests are used to improve the security of the underground areas, by preparing and updating recommendations for the smoke-clearing systems in tunnels and stations.

#### 1.4.9 Infrastructure risks

The main purpose of the Infrastructure Management division is to guarantee the global safety (railway security, fire safety and the safety of goods and people) of equipment used by the operator. The Infrastructure Management division ensures that RATP's infrastructure and equipment are sustainable, reliable and in working order.

Since its set up on 1 January 2012, the Infrastructure Management division has assumed the corporate risk management responsibilities applicable to its scope. Risks identified under these procedures are analyzed in detail, and risk management plans are implemented to detect weaknesses and find means of reducing RATP's exposure to such risks. The risk management plans back up the maintenance systems implemented by the Infrastructure Management division, providing daily maintenance for equipment used by the Transport Operations activity.

Each month, the Infrastructure Management division issues reports on preventive maintenance performance and equipment availability.

Furthermore, unit and department inspections monitor incidents on a daily basis, regardless of the network, and analyse them together with the maintenance agents.

Incidents classed as “significant” are the subject of a weekly presentation and are tracked within the Executive Committee. They are discussed and analysed by senior departmental staff and management teams in the units in question.

These discussions determine follow-up for “significant incidents” to be implemented according to the decision recorded.

Follow-up is conducted:

- either within “quarterly incident” meetings for major incidents impacting on availability or with a high rate of recurrence. During these meetings, equipment availability indicators are studied (in addition to monthly reviews by the Executive Committee);
- or within “quarterly railway safety” meetings for incidents impacting on railway safety. These meetings are steered by the head of department and all safety indicators are studied (railway, fire, property and people) using indicator tables and ongoing action plans.

Since the beginning of 2016, first level controls, performed within the operational units, have been included in the table for monitoring safety indicators – “railway safety and safety of goods and people”. They are therefore reported on a quarterly basis.

A REX (*retour d'expérience* – operational feedback process) has also been in force for the last fifteen years in the EST department, and then the Infrastructure Management division. It takes the form of a Feedback committee common to the Infrastructure Management division and the Engineering and Project Development department, and monitors significant incidents requiring the implementation of specific measures. Feedback reports are issued quarterly. The Engineering Project Development and Project Management departments are involved, as well as GSC.

Where the head of department decides to follow up a “significant incident” analysed by the Executive Committee via feedback, the Infrastructure Development division and Project Management department Feedback Committee will do the monitoring.

In addition, since January 2016, a company-wide operational feedback process has been implemented and managed by the GSC department under the Infrastructure Management division.

At company level, the Infrastructure Management division takes part in Railway Safety Executive Committee meetings, where necessary, contributing analysis of incidents and measures taken.

Reports on danger signal indicators (prepared by GSC/CRM) serve as input data for the Railway Safety unit and, where necessary, are used to determine preventive improvement measures for units that are monitored by steering committees of railway safety.

Where necessitated by technical equipment-related or regulatory developments, each business line's technical committee reviews these developments and assesses their impact and feasibility prior to their approval.

As part of project 7 which came out of the 2025 Challenges business plan, a decision was taken on an initial request focusing on the condition of the Infrastructure Management division and transport system for lines 1, 4, 6 and 13.

After consideration and analysis, the Infrastructure Management Division deemed it necessary to do the same for all metro lines.

This health check was conducted across the metro network and for certain lines. A decision may be taken to produce a more detailed report, including asset plans for Infrastructure Management division in the event of projects relating to line modernisation, the arrival of new rolling stock and/or CBTC (communication-based train control).

Specific monitoring, referred to as the “Task Force”, was put in place for lines 4 and 6, to manage the refurbishment of all Infrastructure Management division installations and, possibly, those of other departments where a need was identified.

#### 1.4.10 Environmental risks

The Group relies on the following to control environmental and company-wide risks:

- team of experts in regulations on ICPE;
- the RATP laboratory accredited by Cofrac;
- toxicology unit in the Occupational Health department;
- the network of internal ISO 14001 and ISO 9001 auditors;
- the environment network comprised of teams from all departments working on environmental issues;
- safety adviser on the transportation of hazardous goods.

##### 1.4.10.1 Industrial sites

Each industrial site with a significant impact on the environment is ISO 14001-certified or at least equipped with an environmental management system. To ensure control of its critical environmental risks, RATP has also deployed an environmental management system for all of its ICPE as defined by French regulations.

Under the Syndicat des transports d'Île-de-France 2016-2020 agreement, RATP is committed to obtaining ISO 14001 certification for all of its industrial sites by 2020. At the end of 2017, 75% of industrial sites were ISO 14001-certified and 81% of these sites had an environmental management system. This process is monitored under the Group quality certification plan 2015-2017.

##### 1.4.10.2 Air quality

RATP constantly monitors air quality in three of its underground stations. The data has been available on RATP's website [www.ratp.fr](http://www.ratp.fr) and in RATP's open data forum since summer 2012.

Various measures were taken to improve the air quality in stations. The company launched an extensive ventilation programme in 2016-2020 to improve air exchange in its underground spaces.

RATP also continued to remove diesel light rail tractors from its fleet. In 2017, RATP also signed a contract to replace diesel-powered light rail tractors with 12 electric dual-mode light rail tractors.

### 1.4.10.3 Electromagnetic fields

RATP's Electromagnetic Fields Commission EFC monitors technical and regulatory developments on "health and radiofrequencies". It ensures that the company complies with French decree No. 2016-1074 of 3 August 2016 relating to the protection of workers against the risks of electromagnetic fields.

## 1.4.11 Risks and crisis management

### 1.4.11.1 Crisis management

In 2017, RATP had the opportunity to test its crisis management in real time on two separate occasions:

- firstly, between 30 October and 2 November, when a hole was accidentally drilled from the Eole building site, between Charles de Gaulle – Étoile and La Défense, into a line A tunnel: this event, which led to significant inflows of water and mud on the track, meant that trains had to be halted in the affected area of line A. Implementing crisis management enabled the surrounding metro lines to be rapidly reinforced, and replacement shuttle buses to be put on to cover the missing part of the route. Passengers received information and were marshaled simultaneously, within the same timeframes. These arrangements significantly lessened the consequences of the incident for passengers. Crisis management also enabled the skills and experience of the company's civil engineering experts to be mobilised, which helped to speed up the time taken by the companies that caused the problem to deal with, and resolve, the issue;

- secondly, on 14 November 2017, as a result of damage to the overhead line when work was being carried out overnight in the tunnel shared by lines B and D between Gare du Nord and Châtelet – Les Halles. Crisis management enhanced coordination of the technical teams called out to do the work, allowing a skeleton service to be reinstated early the next afternoon.

RATP was involved in a simulated terrorist attack drill in the new sports and entertainment venue, the U Arena, in la Défense.

It is also heavily committed to the metro hacking drill, initially scheduled for late 2017 but taking place in January 2018. RATP contributes to this drill, in particular, by preparing computer hacking and terrorist attack scenarios in metro stations.

Internal mobilisation exercises were also conducted by the Permanent Support unit.

### 1.4.11.2 Crisis communication

A dedicated team within the Communications department handles crisis communication and communication on sensitive matters. It is involved whenever a crisis arises at the RATP group.

In November 2017, it took part in a major drill organised by the company's GSC department in partnership with the Paris fire department.

During 2017, the sensitive communication and crisis unit was mobilised several times for monitoring and advisory duties. It was present at the crisis room every time it was open. The crisis communication command post was activated on one occasion:

Event	Activation Crisis communication command post		Date
	Activation Crisis communication command post	Activation Crisis Room	
Broken overhead line support line B Denfert/Port-Royal	no	yes	4 May 2017
Fallen cable from the Marcadet line 4 construction site	yes	no	6 July 2017
Inflow of water and mud line A La Défense/Charles de Gaulle – Étoile	no	yes	30 October 2017 to 2 November 2017
Overhead line damaged line B Gare du Nord/Châtelet	no	yes	14 November 2017

Outside of crisis situations, the unit continued to prepare and update communication plans for specific crisis scenarios with the input of risk owners.

It also cooperated with procedures implemented by public authorities (e.g. regional prefectures, Paris civil security force zones, etc.) to protect communities against risks such as pandemics, storms, flooding or terrorist attacks.

In 2017, an "RATP crisis management assessment" was conducted by the INHESJ (Institut national des hautes études de la sécurité et de la justice – French national institute for advanced security and justice Studies) with the support of a steering committee. This committee's "crisis communication" unit was an entirely separate member.

Finally, it continues to develop its networks outside the company, with presentations in various "grandes écoles" and French Government offices (in 2016, Écoles des ponts, ENA) and through regular interaction with other companies (Eurotunnel in 2017).



#### 1.4.11.3 Support for victims

Since 1 February 2008, the mediator has been known as the “victim support representative”. RATP set up the victim support function in order to translate into action its determination to assist the victims of accidents occurring during normal operations on its networks. Questions of responsibility are set aside as the function focuses solely on human concerns. The active presence of the victim support representative shows victims and their families that the company is by their side.

The representative is informed by the company of any instance of bodily injury. He/she may then ask the operational unit to provide background information in order to have a good understanding of the situation, and contact the victim or the victim’s family in order to express the company’s concern and provide assistance, as required. In return and where relevant, the representative informs managers of the bus and railway operating units, as well as the Legal department, of the seriousness of victims’ injuries and provides background information on the accident, as described by the victim. Employees involved in accidents, particularly operators, often wish to be informed of victims’ state of health and progress and this information is also useful to the Legal department, which can then take a more informed approach to the compensation file, and more accurately calculate provisions.

In case of a major accident, the comprehensive care of victims requires that attention be shared between:

- a crisis room;
- presence on the scene of the accident, depending on its scope; thanks to around 70 volunteers registered in the system to date, as well as a dozen or so occupational physicians. This network is set to expand. Information and awareness sessions are held throughout the year;
- mobilising the customer service call centre through the opening of a toll-free line and the use of Sinus to provide victims’ families or other individuals with information on the identities of victims, their condition, and where they have been taken to. The Sinus tool provides this real-time information and is used both by the call centre staff and the Paris police headquarters. Responses are generated in advance by the system;
- an agreement was signed in 2016 with an assistance company which offers various aid and transport services to the victims and their family.

This now forms part of the response process for the Victim Support Unit.

To consolidate the entire system, a general instruction (GI 554) was signed by the Chair in May 2017. It mentions the historic partnership with the IAPR (Institut d’accompagnement psychologique et de ressources – French institute for psychological support and resources) which is incorporated into the system, both upstream and downstream. The system is divided between RATP and external operators, in particular, the interministerial victim support unit, the Paris fire department, the *Préfecture*, etc. It is also referred to in the methodological guide for the management of mass casualty incidents, updated this year by the French State Secretariat for Victims.

Moreover, a partnership has been established between RATP and the FENVAC (Fédération nationale des victimes d’attentats et d’accidents collectifs – national federation of victims of terrorism and collective

accidents) – SOS Catastrophes et terrorisme (Disasters and Terrorism) by the signing of an agreement which has been renewed annually since 2013.

In 2016 an agreement was signed with Paris Aide aux Victimes, federated by the INAVEM (Institut national d’aide aux victimes et de médiation – French victim support and mediation institute). This not-for-profit entity, arising out of the Ministry of Justice, brings together multidisciplinary professionals mobilised by the French public prosecution service (le Parquet) and placed at the victims’ disposal.

These agreements aim to contribute to the review of crisis management in the event of the occurrence of a mass casualty incident or a terrorist attack, to enhance cooperation and to help improve our system on an ongoing basis.

## 2 — The internal control function for operational management

Within the RATP group, internal control is considered an important factor in its commitment to excellence and to meeting the highest international standards.

As part of an approach focused on global performance and progress, it facilitates:

- improved operational management through the sharing of results between managers and their teams, throughout the management chain;
- the implementation of control tools to provide reasonable assurance on risk control and the achievement of the objectives expressed in the company strategy.

At the local level, RATP internal control is under the direct responsibility of local managers who exercise first level controls closest to operations. This first level control ensures the regular assessment of the effectiveness of the implemented work procedures.

Support and control groups are on hand to assist managers in achieving their goals by providing expertise and measuring performance. The management control, human resource and procurement functions perform these roles. The internal control function helps operational management conduct first level controls.

Coordination of the internal control network, under the responsibility of the Internal Audit unit and Internal Control, was established by the President in three successive mission statements in relation to an internal control system:

- initially organised within the 10 operating and maintenance departments, then extended to other structures and to company-wide functions such as HR and management and project control, as well as to subsidiaries;
- aligned in terms of best practices with:
  - the signing of reference documents such as statements of commitment by the heads of department,
  - communications targeted at every level of the company,
  - the internal publication of a general internal control policy document,
  - the organisation of results reporting at every hierarchical level: unit, department, executive management.



In 2017, network projects focused as a matter of priority on:

- internal control outcomes reflecting a high level of departmental engagement;
- preparing experiments relating to the company-wide work-related accident prevention and reduction initiative, with the incorporation of first level controls into the work-related accident management process;
- launch of a SIGR (*système d'information sur la gestion du risque* – risk management information system) with participation in the solution purchasing phase and preparation of the general design over the course of 10 workshops.

In addition to organising the network, work continued via several working groups to update, adjust and develop controls in line with current guidelines on the basis of outcomes, audits and the coverage of material risks, drafting initial project function guidelines in each of the Project Management, Engineering and Project Development and SIT departments with implementation commencing in 2018, supporting the Finance and Management Control department in its work to design its own controls and to apply the process within RATP Dev to railway safety, road safety and compliance processes.

In terms of outlook, the system will continue to be made available to other structures and processes. Compliance and data protection will be developed further in conjunction with the head of compliance and the company's data protection officer, and will be supplemented by management training. It will also be subject to a RADAR assessment.

In the world of RATP, which is now open to competition, internal control will gain in maturity, better reflecting the Group's capacity to control its activity and so benefit its performance.

## 3 — The audit function

### 3.1 Department structures for audit and business line inspection

Audit/inspection structures attached to different company departments act independently of the management chain.

Their intervention covers all processes and units in their department (audit and/or technical inspection duties). In particular, it allows the implementation and the effectiveness of first level controls to be assessed.

### 3.2 Company-wide structures reporting to executive management

#### 3.2.1 The Audit and Internal control department

It reports to the President, and is responsible for the following on behalf of executive management:

- internal audits to “provide assurance on the level of control over operations by auditing and assessing the business activities of RATP group”<sup>(1)</sup>. In November 2013, the scope of action was expanded with the implementation of flash audits to assess the status of action plans;
- providing guidance on change management (e.g. REX, structuring of internal controls, etc.).

The Group audit procedure supports the company's executive management in its decision-making process:

- the audit focuses on the company's major risks (financial and regulatory) and strategic priorities, including economic performance, process efficiency and high quality management;
- the audit responds rapidly to the company's needs and *ad hoc* assignments are performed alongside the planned annual work, as required;
- the audit methods are aimed at inciting the audited units to share findings and implement corrective measures (findings are objective and quantified, their analysis is transparent, draft written reports are submitted by the audited units for discussion of audit findings).

The internal audit work is part of an annual plan established on the basis of input from members of the Executive Committee<sup>(2)</sup> and the main risks identified during RATP group's risk mapping process. When each audit is completed, a written report is sent to the President and other members of the Executive Committee, and to the heads and managers of the departments and units directly concerned. The heads and managers of the audited departments and units are asked to draft an action plan within two months of the audit, which is submitted to the head of Audit and Internal Control for approval. Implementation is monitored by the Internal Audit department and the individual who commissioned the audit with a report at six, twelve and eighteen months. Action plans resulting from audits of particular importance are reviewed by the Executive Committee.

This rigorous monitoring of post-audit action plans allows the percentage of audits that resulted in action plans to be measured, as well as their progress.

Lastly, the head of Audit and Internal Control also plays the role of Inspector General<sup>(3)</sup>, which is separate from Internal Audit, intended to inform the President about sensitive topics or issues likely to impact the Group's economic interests.

(1) GI 432D of November 2013, article 2.2.

(2) Members of the Executive Committee, department heads and chief operating officers.

(3) Instruction 541 of November 2011.

### 3.2.2 IGSI (Inspection générale de sécurité incendie – Inspectorate general for fire safety)

The IGSI reports to the President and is responsible for issuing formal opinions on:

- compliance with the general provisions of the safety rules governing fire safety and panic risk in public establishments:
  - for each work package which affects spaces open to the public such as administrative applications for building permits, construction authorisations and applications to build, develop or change areas open to or used by the public, such as the train and metro stations operated by RATP;
  - for completed building work in public areas such as stations, during the preliminary inspections prior to opening to the public,
  - for regular inspections to ensure the continued operation of stations;
- compliance of guided transport infrastructure with basic safety requirements to avoid fire and panic risk and deal with the consequences of accidents.

In 2017, the main endeavors of the GSI were as follows:

- delivered construction work on the PCSI metro and centralised fire safety monitoring for the first 2 major hubs (République and Saint-Lazare);
- delivered construction work at the multi-modal Châtelet – Les Halles site, on the Marguerite de Navarre exit, on the Lescot 2 gate, on the police station and on 2 elevators;
- processed 14 applications for building permits including 5 new stations for the project to extend line 14, and 9 applications for building permits in existing stations, including, among others, links with the Grand Paris Express (GPE) line 15 and plans to adapt the existing stations on line 14, as well as the adaptation of existing stations on line 11;
- issued six favorable opinions on the application files for permits to build, develop or change a public establishment involved in the Symphony project for centralised monitoring of fire safety (Symphonie SSI) on line 3;
- issued 2 favorable opinions on applications for permits to build, develop or change a public establishment for existing stations as part of the OPAL4 operation, platform facings and part 2 of the preliminary safety document (DPS) covering tunnels;
- issued 110 favorable opinions on regular inspections to ensure the continued operation of stations.

### 3.2.3 The Railway Safety unit

The Railway Safety unit reports to the President and is responsible for monitoring railway safety procedures throughout the company. It enforces the railway safety policy, structures and guidelines set by executive management through a systemic approach, as set out by the President.

The President and CEO delegates the management and implementation of RATP's railway safety policies to the Railway Safety unit. Railway safety policies concern infrastructure, technical installations, vehicles and operating, maintenance and control rules. The Railway Safety unit thereby sets out the framework to be followed by all of the company's railway safety managers. Responsibility for enforcing the railway safety guidelines issued by the Railway Safety unit is delegated to the directors of the departments and operating units.

The Railway Safety unit may request professional advice, as appropriate, from the various departments (e.g. railway engineers, inspectors, general safety controllers). The unit is sent all surveys, studies and reports conducted on railway safety incidents.

It audits rail security and suggests preventive and corrective measures in conjunction with the departments concerned. These audits take place in accordance with the principles issued by the NF EN ISO 19011 standard of December 2002.

The unit is responsible for RATP and its subsidiaries. Its power of investigation applies to all of the Group's entities. As a result, it may be called upon to exercise its duties as part of an RATP Dev project or concession.

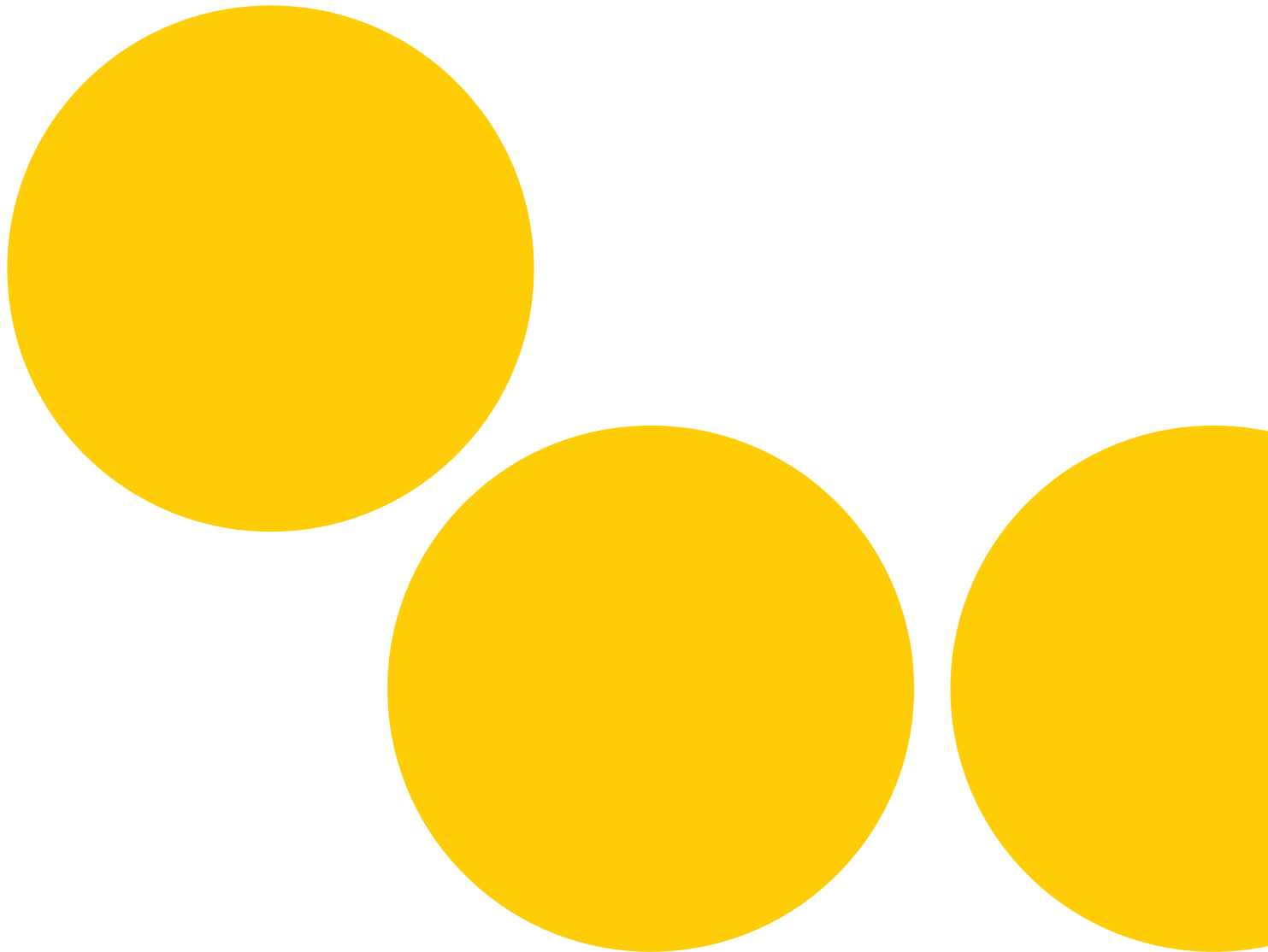
# Corporate governance report

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# 2017 Corporate governance report

## 1 — Composition of the Board of Directors and terms of office

### 1.1 Composition and conditions for the preparation and organisation of the work of the Board of Directors

Detailed information can be found in Appendices 1 and 2.

### 1.2 Application of the principle of gender equality within the Board

The power to enforce the principle of gender equality (article 6-1 of law No. 83-675 of 26 July 1983) does not fall under the company's jurisdiction. External directors are appointed by decree of the Prime Minister and the employee directors are elected from the lists maintained by trade unions. Thus, RATP has no say in the matter.

RATP's Board of Directors comprises 27 members (decree No. 84-276 of 13 April 1984 applying the law on public sector democratisation to RATP):

- a) nine State representatives:
  - eight appointed by decree based on the joint report of the Minister for the Economy and the Transport Minister,
  - one appointed by decree based on the report of the Minister for the Interior;
- b) nine qualified persons appointed by decree based on the joint report of the Minister for the Economy and the Transport Minister:
  - two qualified persons selected for their expertise in the transport and mobility area,
  - three qualified persons with a professional background in business,
  - two representatives of public transport users,
  - two local authority representatives from areas directly affected by the company's activities;
- c) nine employee representatives elected under the conditions stated in chapter II of law No. 83-675 of 26 July 1983 on public sector democratisation.

### 1.3. List of terms of office

The list is provided in appendix 3.

## 2 — Role of the Board of Directors

### 2.1 Summary table of delegations

Article 225-37-4 of the French commercial code specifies that the governance report includes a summary table of delegations in force granted by the general shareholders' meeting for capital increases, in accordance with articles L. 225-129-1 and L. 225-129-2 of the French commercial code.

In this regard, RATP's situation is unique. It only has one "shareholder", the French State. As for capital increases, this subject does not concern the State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* –EPIC), but only the subsidiaries for which the rules of procedure stipulate that: "The Board authorises the President and CEO:

- to purchase, extend or dispose of equity investments of a nominal amount below €2 million;
- to reclassify securities between RATP and its majority-owned subsidiaries."

### 2.2 Possible limitations imposed by the Board of Directors on the powers of the Chief Executive Officer

The Board of Directors oversees the powers of the President and CEO in certain areas.

#### The President and CEO is authorised to purchase or dispose of all real estate assets within the limits set by the Board of Directors

Pursuant to the rules of procedure of the Board of Directors, the Board has set the threshold below which the President and Chief Executive Officer is authorised to purchase or dispose of all real estate assets at €2 million, in accordance with article 8-d of decree No. 59-1091 of 23 September 1959 on the status of the Régie autonome des transports parisiens. The Board authorises the President and Chief Executive Officer to decommission, as necessary, assets that are no longer assigned to the public services operated by RATP or for the direct use of the public and which he decides to dispose of in line with the powers he holds under the preceding paragraph.

#### The President and CEO is authorised to contract loans within the limits set by the Board of Directors

The Board deliberates on the investment programme for Transport Operations and Infrastructure Management and authorises the President and CEO to contract, on behalf of Régie autonome des transports parisiens, the necessary loans to finance investment expenses, as well as other needs and loan repayments.



## 2.3 Corporate Governance Code to which the company adheres

The French commercial code states, in article L. 225-37-4, point 8, that “when a company voluntarily adheres to a corporate governance code drawn up by the company’s representative bodies, it must explain why certain provisions have been rejected and the reasons for doing so, and specify the place where that code may be consulted, or, in the absence of such adherence to a code, the reasons why the company has decided not to adhere to such a code and, where applicable, the rules adopted in addition to the requirements of the law”.

RATP does not adhere to a governance code within the meaning of these provisions. It is subject to the provisions of decree No. 59-1091 of 23 September 1959 on RATP’s status and the Board adopted its own rules of procedure.

## 3 — Compensation and benefits

### 3.1 Compensation of directors

The Board of Directors, subject to ministerial approval pursuant to article 7 of decree No. 59-1091 of 23 September 1959, sets the directors’ fees for qualified persons. State representatives and employee directors do not receive any allowance or compensation.

This allowance, called “directors’ fees”, is paid to directors present at the meetings of the Board of Directors, the Audit Committee and the Commissions.

They were set at €148 per Board meeting, and €74 per commission, committee or working group meeting, by deliberation of the Board during the meeting of 9 February 2007. The amounts have not changed since this date.

The compensation of the Chairwoman of RATP’s Board of Directors is set by ministerial decree pursuant to article 3 of decree No. 53-707 of 9 August 1953.

For 2017, the gross compensation of Élisabeth Borne, Chairwoman from 1 January 2017 to 16 May 2017, was €241,139 (of which €127,714 for the variable portion for 2016 and 2017).

The gross compensation of Catherine Guillouard, Chairwoman from 3 August 2017 to 31 December 2017, was €124,167.

### 3.2 Commitments made to directors

The commitments referred to in article L. 225-37-3 of the French commercial code are precise. They correspond to components of compensation, allowances or benefits specified by these provisions. As indicated in point 3.1, the Board of Directors only allocates the “directors’ fees”) to the directors.

## 3.3 Agreements concluded by a subsidiary with a director

There are no such agreements as referred to by article L. 225-37-4 of the French commercial code.

## 3.4 Presentation of draft resolutions on directors’ compensation policy

Except for directors’ fees (see point 3.1), directors are not paid. There are no draft resolutions other than the aforementioned deliberation of 9 February 2007. Moreover, there is no compensation committee at RATP.

## Appendices

### Appendix 1: Composition of the Board

#### 1. The members

RATP’s Board of Directors comprises 27 members pursuant to decree No. 84-276 of 13 April 1984.

In accordance with decree No. 84-276 of 13 April 1984, amended by decrees 2004-500 of 7 June 2004, and 2006-1018 of 11 August 2006, RATP’s Board of Directors comprises 27 members, which include:

- nine State representatives appointed by decree;
- nine qualified persons appointed by decree:
  - two qualified persons selected for their expertise in the transport and mobility area,
  - three qualified persons with a professional background in business,
  - two representatives of public transport users,
  - two local authority representatives from areas directly affected by the company’s activities;
- nine employee representatives elected by company employees.

The Board nominates one of the directors as President and Chief Executive Officer. The appointment is made by decree by the government Ministers after the Cabinet has heard the report from the Transport Minister.

The government Commissioner and Head of the Economic and Financial Control Board for Transport are entitled to attend all Board meetings, along with the secretary or representative of the Works Committee.

The secretary of the Board is nominated by the President, and appointed by the Board of Directors. The secretary is responsible for preparing the reports and minutes of all the meetings of the Board as well as the standing and *ad hoc* committees.

The Board convenes at least six times a year, and may also hold extraordinary meetings to renew the mandate of the Board or President.

Alongside management decisions, which are voted on by the Board, the President may table questions for discussion, particularly when medium- and long-term policy-making is required.

## List of directors as at 31 December 2017 (term of office 2014-2019)

	Name	Role
<b>STATE REPRESENTATIVES</b>		
Ms	Bacot Marie-Anne	Member of the Environment and Sustainable Development Council
	François Sylvie	Deputy Managing Director of La Poste Group, responsible for Group Human Resources and Social Relations
Messrs	Cadot Michel	Prefect of Île-de-France and prefect of Paris
	Charissoux Denis	Deputy Director of the Budget Department
	de Romanet Augustin	President and Chief Executive Officer of Aéroports de Paris
	Leblanc Gilles	Regional and interdepartmental director for Île-de-France Infrastructure and Planning
Ms	Lepage Solenne	Director of Transport Investments – APE (Agence des participations de l'État – French State equity investment agency)
Mr.	Peylet Roland	Honorary State Councilor
Ms	Sueur Catherine	Deputy Managing Director of AP-HP (Assistance Publique-Hôpitaux de Paris – Paris hospital and public assistance)
<b>ELECTED FROM AREAS DIRECTLY AFFECTED BY THE COMPANY'S ACTIVITIES</b>		
Ms	Lepetit Annick	Paris Councilor
<b>REPRESENTATIVES FROM BUSINESS BACKGROUNDS</b>		
Ms	Bellon Michèle	Former ERDF President
	Corazza Chiara	Managing Director of Women's Forum for the Economy and Society
	Guillouard Catherine	Chairwoman and Chief Executive Officer of RATP
<b>REPRESENTATIVES OF PUBLIC TRANSPORT USERS</b>		
Messrs	Babut Michel	FNAUT (national federation of transport users)
	Bernardelli Stéphane	UNAF (national union of non-profit organisations supporting families)
<b>TRANSPORT BUSINESS EXPERT</b>		
Messrs	Angles Bruno	Chairman of Crédit Suisse France and Belgium
	Raulin Patrice	Former Chairman of Société Lyon-Turin Ferroviaire
<b>EMPLOYEE REPRESENTATIVES</b>		
Messrs	Lalouani Abdel Halim	FO union member (currently without designation)
	Le Pahun Didier	UNSA union member
	De Wilde-Ghikh Laurence	UNSA union member
Ms	Marquez Karen	SUD union member (currently without designation)
Messrs	Piras Fabrizio	CGT union member
	Rizzi Michel	CGT union member
	Roué Gilles	CGT union member
	Saveret Gilles	CGT union member
Ms	Jeunet-Mancy Claire	CFE-CGC union member





## 2. Commissions

Three standing committees are responsible for preparing the Board's work. Two comprise an equal number of directors, and the third is composed of the entire Board.

The first deals with the company's technical and technological modernisation and development, particularly in terms of network development and maintenance, improvement of service quality, research and contracts.

The second deals with RATP's operating budget and investment plans, financial statements and public and service provision agreements and contracts. It also addresses business and social issues such as training, housing policy, developments outside the agreement between the Syndicat des transports d'Île-de-France and RATP, subsidiaries' activities and the annual report and sustainable development report.

The third committee monitors the agreement between the Syndicat des transports d'Île-de-France and RATP and key performance indicators on service quality. It also examines plans for new innovative services.

An Audit Committee, composed of six directors:

- one leading business person: M. Bellon, former President of ERDF;
- three directors representing the State: M.-A. Bacot, member of the Environment and Sustainable Development Council; D. Charissoux, Deputy Director of the Budget Department; S. Lepage, Director of Transport Investments – APE;
- two directors elected from the employees, C. Jeunet-Mancy and G. Saveret.

The government Commissioner and the representative of the Economic and Financial Control Board for Transport attend committee meetings in an advisory capacity.

The Audit Committee is responsible for monitoring the process of preparing financial information, the effectiveness of the internal control and risk management systems, the statutory audit of the financial statements consolidated by the Statutory Auditors and the independence of the Statutory Auditors.

It is responsible for advising the Board on the parent company and consolidated financial statements and on the reliability of the information systems used to prepare them. It also advises on financial management, management and accounting principles, cost accounting, developments relating to accounting information systems and management control, the internal audit programme and the quality of internal audit methods, and risk management policies.

In 2017, the Audit Committee meetings were as follows:

- in January: EPIC-RATP's transition to corporate income tax;
- in March: approval of the 2016 parent company and consolidated financial statements;
- in June: risk management approach, audit plan for Statutory Auditors and financing and debt management policy;
- in July: approval of the half-yearly parent company and consolidated financial statements;
- in October: insurance policy, monitoring of provisions; financing and debt management policy;
- in November: new IFRS 15 accounting standard 2017 balance sheet and 2018 schedule of the Internal Audit department (DGACI – délégation générale audit et contrôle interne), Statutory Auditors' report on internal control, and progress on compliance work.

## I. Subsidiaries and equity investments

The President appoints RATP's representative at the shareholders' meeting and Board meetings of companies in which RATP holds shareholdings, and informs the Board of the appointment. RATP's Board of Directors hears a report on each of the companies in which it holds a significant stake at least once a year, and gives its opinion on RATP Dev's medium-term business plan.

## II. Annual report and sustainable development report

RATP's annual report and sustainable development report are submitted to the Board for approval.

## Appendix 2: Conditions for the preparation and organisation of the work of the Board

### 1. Organisation principles and role

In terms of corporate governance, RATP complies with the rules set forth by the Agence des participations de l'État (French State Equity Investment Agency), which it also oversees.

The Board has adopted rules of procedure in accordance with article 6-12 of decree No. 59-1091 of 23 September 1959 on the legal form of RATP. These rules may be updated on the basis of the Board's governance.

The Board of Directors is chaired by Catherine Guillouard, who was appointed President and Chief Executive Officer of RATP by the decree of 2 August 2017, in place of Élisabeth Borne, for the 2014-2019 period.

Prior to this decree, Guillouard was recommended by the Board to the Government to be appointed to this post (Board of Directors' extraordinary meeting of 12 July 2017).

The Board of Directors is responsible for all the company's strategic decision-making on key economic, financial and technological issues. These include matters relating to the company's state and regional contractual plans, business plan and the contractual agreement with the Syndicat des transports d'Île-de-France (Île-de-France transport authority). Decisions are taken on the basis of input from three standing committees, one of which deals with matters concerning the technical and technological modernisation of transport, the second, economic and strategic issues and the third, innovation and customer service.

The role of the Audit Committee, comprising six Board members, is to advise the Board on the financial statements, particularly with regard to the reliability of the information systems used to prepare them, financial management, accounting and management principles, risk management policy and financial reporting.

The Board approves contracts exceeding €60 million, upon the advice of the Technical and Technological Transport Modernisation Committee, which has a right of evocation for contracts worth between €5 million and €60 million.

It empowers the President and Chief Executive Officer to purchase, extend or dispose of equity investments of a nominal amount below €2 million, and to reclassify securities between RATP and its majority-owned subsidiaries.

The Board has set the threshold below which the President and Chief Executive Officer is authorised to purchase or dispose of all real estate assets at €2 million, in accordance with article 8-d of the decree of 23 September 1959 on the legal status of RATP.

Directors that represent the State or employees are unpaid. However, the expense that they incur in the performance of their duties is reimbursed by RATP. For qualified persons, if the Board decides to pay directors' fees in addition to reimbursing their travel expenses, such fees are subject to the approval of the Transport Minister and the Minister for the Economy and Finance.

The Board, subject to ministerial approval pursuant to article 7 of decree No. 59-1091 of 23 September 1959, sets the directors' fees for qualified persons. These are paid to directors present at Board meetings and at meetings of the Board's two standing committees. They are set at €148 per Board meeting and €74 per committee, commission or working group meeting, as of 1 January 2007.

## 2. Significant work by the Board in 2017

### 2.1 Appointments and departures of directors

Ms Guillouard was appointed director by decree dated 10 July 2017 as a qualified person with a professional background in business in place of Ms François, (already a Board member as a qualified person with a professional background in business), who in turn was appointed director representing the State in place of Ms Borne.

Pursuant to the provisions of Article L.O. 145 of the electoral code, a member of parliament can no longer be member of the Board of Directors of a national public institution, if not appointed therein as a member of parliament. As a result, Mr Carrez was forced to give up his seat.

Furthermore, during this year, three prefects succeeded each other as members of the Board of Directors. Thus, Mr Delpuech, who joined the Board in March, gave up his seat to Mr Strzoda in April 2017, who was replaced by Mr Cadot, appointed by decree of 28 June 2017.

On 3 February, Ms Battle succeeded Mr Perin as Chair of the Management Board of RATP Dev. On 24 March, Ms Dupuis was appointed Director of the Department of Strategy, Innovation and Development, and member of the Executive Committee.

During the meeting held on 8 October, the Board welcomed Mr Dupuis, who was appointed head of Economic and Financial Control for Transport by order dated 15 September 2017 in place of Mr de Saint-Pulgent.

### 2.2 Business plan/Strategic guidelines

**The 2025 Challenges strategic business plan was approved during one of the Board's extraordinary meetings held on 28 June 2017.**

Ms Guillouard, appointed President and Chief Executive Officer of RATP by decree of 2 August 2017, presented her strategic guidelines with the operational application of 2025 Challenges at the Board meeting of 8 December.

### 2.3 Development and network modernisation policy

The different aspects of the development and network modernisation policy were discussed on several occasions:

#### Infrastructure

The extension of line 14 was mentioned during the meeting of 3 February, where the progress of the worksite at Mairie de Saint-Ouen was discussed following a construction incident. In December, two civil works contracts for the creation of a tunnel as part of the extension of the Olympiades line to Aéroport de Paris were approved.

In February, feedback sessions were presented on the flooding of the Seine in June 2016.

In August, the track and ballast renewal of RER A, which was carried out this year between 29 July and 27 August, was discussed.

Phase two of the preliminary project to extend T1 to Colombes was reviewed during the October meeting.

With regard to the Infrastructure Manager of the Greater Paris Transport Network, the financing requirements related to the preparation of resuming infrastructure management were reviewed in December.

#### Operating activities

The challenges and developments of RER line A and Grand Paris des bus were presented in February.

At the same meeting, the renovation contract for MI 84 equipment on RER line B was approved. A contract for the study and supply of 1,500 Vcc overhead line electric dual-mode light rail tractors and batteries and a technical maintenance site for MF77 lines 7 and 8 was also approved by the Board.

In March, the topic of an automated driving system on the central section of line A of the RER was discussed. The implementation of this system will allow an increase in the number of trains per hour and per direction during rush hour and help reduce the impact of micro-incidents on operations to help improve the reliability of the line.

The modernisation of metro line 6, which is part of the Metro 2030 project aiming to thoroughly modernise the metro network in view of the Greater Paris deadlines and the start of tenders in 2039, was approved in March.

The signing of a supply contract for 12-metre gas and/or hybrid engine urban buses was evoked in May. At the December meeting, the acquisition of 18-metre articulated diesel and/or hybrid engine buses



and diesel and/or hybrid engine high-level service (BHNS) and/or airport buses was approved.

The railway maintenance policy was presented in October. RATP has opted for integrated maintenance that has preserved and made a strong contribution to rail safety, quality of service, economic performance and modernisation without any interruption in operations.

There was a debate at the Board's August meeting on RATP's contribution to the bus rolling stock capital expenditure master plan, and at the October meeting on the railway rolling stock.

The renewal of the automated train operating system (SAET – système d'automatisation de l'exploitation des trains) on line 14 of the metro, including the current line and its extensions to Orly and Pleyel, was approved in December.

A joint report on the progress of the Bus2025 project was completed in December, presenting the feedback on the electric bus experiments carried out in 2017, all the constraints related to the process of conversion of the bus stations (connection delays, ICPE regulations, phasing of work on operated sites, storage), as well as the incompatibility between the envisaged traffic restrictions and the current industrial process.

Lastly, feedback on the incident affecting the RER A tunnel at Porte Maillot on 30 October was presented to the Board in December.

### Assets

In May, the early sale of a real estate asset located in the building at 10/32, rue Abel-Hovelacque, in the 13<sup>th</sup> arrondissement of Paris, was approved.

During the same meeting, the planned sale of real estate assets acquired as part of the project for the extension of line 14 to Mairie de Saint-Ouen was approved by the Board. These are some of the issues involving the use of land to build housing.

In August, the project to restructure the Vaugirard workshops was approved, intended to cope with the renewal, modernisation and growth of the rolling stock fleet. In future, the Vaugirard project will combine all additional activities that cannot be held at Saint-Ouen and meet our requirements until 2035 at one site.

### Capital expenditure master plans and preliminary projects

The capital expenditure master plans were the subject of many discussions, as outlined below.

Regular progress has been made on the investment master plans and their update: increased transport capacity, transport systems, railway rolling stock (contribution), bus rolling stock (contribution), information systems, real estate and land.

In addition, projects have been approved under the RER master plans, as outlined below.

The Robinson Terminus 4T track extension project outline (master plan of the RER B) was approved in February.

In March, as part of the RER B South master plan, the project to improve the reliability of and optimise the Massy-Palaiseau site was approved. The creation of a train maintenance workshop in Mity-Claye, subject to funding through grants, was also approved.

In May, a preliminary project plan for the creation of an infrastructure maintenance vehicle (VMI) maintenance hall from the RER B South master plan was approved subject to funding through grants. This project is part of the Massy site improved reliability and optimisation project outline, also approved, intended to improve the maintenance conditions and facilitate the maintenance of the VMI by imparting greater availability.

In June, notably, information was provided on the progress of the A and B line master plans for station projects approved by the Board (eight on line A and six on line B plus 10 small stations at the end of line B) whose purpose is renovation, UFR accessibility, mechanisation, accessibility for people with disabilities, evacuation safety, and de-saturation. In August, an update of the investment master plans for increased transport capacity and transport systems, and the contribution of railway rolling stock to the capital expenditure master plan was presented to the Board.

The project on the de-saturation and accessibility of the West-side access (Robinson), subject to the co-funding of the execution phase through grants within the framework of CPER, was approved in October as part of the line B master plan.

### 2.4 Innovation

In February, the decision to increase the capital of RATP i was taken to enable direct investments in start-up companies and new services, and furthermore, through equity investments in certain investment funds with an interest in the Group's key areas of innovation and development. In this case, it is a so-called "fund of funds" activity.

In June, the President mentioned the participation of the RATP group in the second edition of Vivatech, a new technologies fair, where contacts were made with new start-ups.

In June, two more experiments were mentioned in the President's report: that of electric buses with new tested equipment (Alstom's Aptis) and that of dog teams specialised in the detection of explosives on the rail network.

In October, two service innovations were presented in CISC. The first was the "chatbot" route search, software that simulates natural conversation, allowing users to make phone call queries on a given range of services. The second was La Fabrique, the RATP services demonstrator at République metro station. In addition, during the same meeting, the work programme with start-ups was discussed. It is indispensable that RATP, as a mass transit operator, be equipped with a multimodal strategy. In these circumstances, it appears logical to form partnerships with these companies and enable RATP to have access to their know-how and possibly help them develop.

Finally, in October, CISC discussed the experiments carried out on autonomous vehicles and information was given on future experiments. In this regard, RATP's aim is two-fold: integrate autonomous vehicles (self-driving shuttle buses and personal-use

vehicles) in the public transport offers; and apply these technologies to assisted bus and tramway driving systems, initially on the vehicle storage function. EasyMile self-driving shuttle buses have been tested in Paris on the pont Charles-de-Gaulle, in Austin and in Boulogne-sur-Mer, on routes which are a few hundred meters long.

## 2.5 Control over the company's financial information and competitiveness

Control over these elements is a major focus area for the future of the company.

In March, RATP Dev's results at 31 December 2016 were presented. During the same meeting, the directors were provided with information on the balance sheet for the company's procurement business in 2016. The half-yearly balance sheet was discussed in October.

The Board approved the parent company financial statements, including Transport Operations and Infrastructure Management, and the consolidated financial statements for 2016 at its meeting of 24 March 2017, as well as the position of current assets and current liabilities as at 31 December 2016.

The signing of a multi-award framework agreement in the supply of electricity over the 2018-2023 period was discussed in May.

In June, it was decided that the RATP's first issue of green bonds would take place. The objective was to finance or refinance investment projects: the renewal of the RER A rolling stock fleet, the automation of line 4 and the purchase of electric dual-mode light rail tractors.

RATP Dev's quarterly report and the financial statements at 30 June 2017 were presented in August.

The operating budget (EPIC Transport Operations and Infrastructure Management) for 2018, the investment programme for 2018 and the budgets of RATP Dev and the Group for 2018 were approved in December.

A capital increase of Logis-Transports, for a maximum amount of €2,770 million, was approved in December.

## 2.6 Social and workforce environment

The 2017 training plan was approved in February and the HR policy was presented in March.

Group RATP's management report, including the financial results and the corporate social responsibility (CSR) results at 31 December 2016, was approved during the meeting of March 2017.

The 2016 financial statements of the CCAS (local social welfare centre) were approved in May and the budget forecasts for 2018 were approved in December.

In June, RATP launched the first RATP "employer brand" campaign. This communication campaign intends to promote a modern and innovative corporate image, by presenting real agents of the Group exercising cutting-edge and unknown trades. It also reinforces the image of RATP as an employer, which faces strong competition from other companies, particularly among engineers, that the Group must attract to meet the strategic challenges of tomorrow.

This business image campaign is new and complements the renewal of the recruitment communications implemented by the Human Resources department with communication tools aimed at filling a large number of hard-to-fill machinist jobs.

In October, the President informed the Board that, as part of the general delegation on ethics, the company had started a cycle on secularism. RATP participated in France's National Secularism Day and launched a cycle on religious considerations for companies in which representatives from various faiths discussed with a specialist in secularism and neutrality.

The planned contribution to social works was approved at the December meeting.

## 2.7 The Group's development policy

The Board's Economic Strategy Committee oversees the development of subsidiary activities. Specifically, it conducts regular in-depth reviews of the annual and half-yearly financial statements, the budget, the medium-term business plan and the quarterly reports of RATP Dev, the most significant subsidiary in terms of revenue. The 2016 review for the Group and the 2017 outlook were discussed in February.

Throughout the year, the President kept directors informed of progress in RATP's development and of business wins by RATP Dev in France and internationally. The Board is thus kept informed of major calls for tender in all relevant geographical areas, as well as of developments in the Toscane project.

More particularly, the monitoring of RATP Dev's sightseeing operations approved by the Board (Open Tour London and Paris) was presented in March. The subsidiaries' outlooks were presented in June.

In October, the Board approved RATP Dev's strategic project and defined the overall EPIC framework compared to RATP Dev. It was recalled that RATP Dev must contribute to the Group's three priorities (excellence, innovation, sustainable city) and be a vector of change for the RATP group with a view to opening the RATP network to competition.

## 2.8 Sustainable development and new mobilities

During the meetings held in the first quarter, in partnership with the Île-de-France transport authority and the City of Paris, the demonstration of two EasyMile self-driving shuttle buses on the Pont Charles-de-Gaulle were mentioned. Subsequently, a complete report on the feedback on the initial experiments of self-driving vehicles (Pont Charles-de-Gaulle, Austin, Boulogne-sur-Mer), the intelligent garage experiment (research project on the T7 maintenance and storage site in Vitry) and ongoing projects was presented in the October 2017 meeting. The Board was informed of the introduction of a new self-driving vehicle experiment at Vincennes at the end of the year.

The Group's annual and sustainable development report at 31 December 2016 was approved during the meeting of March 2017.





In May, the President was in Montreal to sign an agreement with the start-up Communauto, validating the RATP group's acquisition of an equity interest in the French subsidiary of this car-pooling company based in North America and Paris. These investments were made through RATP Capital Innovation. The RATP group will contribute to the development of Communauto in Île-de-France and extend its current location beyond Paris. This new partnership shows that the RATP group is convinced that mobility solutions such as car-pooling are complementary to traditional public transport offers, offering credible alternative solutions to private cars when the public transport range does not cover all mobility needs.

The Board was also informed of RATP Capital Innovation's acquisition of equity interests in the capital of WayzUp (now renamed Klaxit), a company operating in the short-distance car-sharing market, in July 2017, and Citizen Mobility, a specialist in on-demand transportation dedicated to frail, dependent and disabled people, in November 2017.

## 2.9 Service, customer relations

In June, briefing was provided on the initiatives undertaken since 2015 in the field of static traveler information (signage media), dynamic visual information with the Image and Zenway projects, sound information for spaces, and remote media information (RATP site).

On 30 June, the President's report mentioned the signing of a MoU between RATP, SNCF, Transdev and Blablacar on 30 May, aiming to set up a joint project structure to study the economic interest and technical feasibility of a multimodal real-time passenger information platform at the national level. Each company provided the project with access to its passenger information data as well as technical, economic and legal expertise. The project is open to other partners such as road traffic data providers.

In June, the plan to modernise ticketing, launched by Île-de-France transport authority in 2015, was used to connect future operators in Île-de-France and enable remote pricing. The Île-de-France transport authority asked operators to help it in the choice of the industrial player that, in future, would implement the IS. This situation has caused difficulties in view of the absence of a contractual framework. In regards to ticketing, the proposal, made to the Île-de-France transport authority, to deploy Wizway, which aims to provide contactless ticket books and weekly and monthly subscriptions on smartphones, was mentioned in October.

In August, the President announced a new anti-fraud campaign.

## 2.10 Risk management and railway safety

The Board discussed Group risk management at its June meeting.

The report on railway security was presented to the Board in May. Each of the networks was analysed.

## 2.11 Board governance evaluation mission

A point on Board governance was discussed during the Board meeting of 3 February.

## 2.12 Institutional relations

The President regularly reported to the directors on her meetings with the company's institutional partners and regional (Île-de-France) and national representatives, and on initiatives and processes undertaken to protect the company's interests.

The contract between the Île-de-France transport authority and RATP was the subject of many discussions and decisions throughout the year. Amendments to the contract were thus presented, some of which fell within the remit of the President by delegation of the Board in the context of a communique, others in the context of the Board's management decisions. In particular, in the June 2017 meeting, the Board refused to accept articles 3 and 7 of draft amendment 7 to the Île-de-France transport authority/RATP contract adopted by the Board of Directors of the Île-de-France transport authority on 28 June 2017, without prior consultation. This obstacle was removed with the simultaneous approval of amendments 7 and 8 to the contract with Île-de-France transport authority at the October 2017 Board meeting. The question of Infrastructure Management financing is also a point of debate (see point 2.3 above).

The mediator presented her annual report in May.

In October, mention was made of RATP's participation in six workshops conducted by *Assises de la mobilité*, with the aim, in particular, of identifying draft legislative and/or regulatory measures that could be of interest for the company to push.

A number of meetings took place throughout the year with the City of Paris on the plan to develop Parisian squares, on the implementation of the Crit'Air stickers, and on setting up a working group on bus-related topics.

Exchanges with the State continued, notably with regard to the terms and conditions for offsetting the increase in the CSG tax for RATP, and the abolition of the French payroll tax credit (CICE).

### Appendix 3: List of terms of office

	Name	Role	Other positions
<b>STATE REPRESENTATIVES</b>			
Ms	Bacot Marie-Anne	Member of the Environment and Sustainable Development Council. Chairwoman of the European Trade Union Confederation (ETUC)	Member of the Supervisory Board of the French Transmission System Operator (RTE), member of the Supervisory Board of Roland-Garros Airport, Director of the Institute of advanced studies on the planning and development of European regions (IHEDATE)
Ms	François Sylvie	Deputy Managing Director of Group La Poste, responsible for Group Human Resources	Member of the Supervisory Board of La Banque Postale Group
Mr	Cadot Michel	Prefect of Île-de-France and prefect of Paris.	<p>The prefect of Île-de-France is an <i>ex officio</i> member of certain boards, including EP Paris-la Défense, Établissement public d'aménagement Paris-Saclay (EPAPS), Grand Paris Aménagement, EPF Île-de-France, EPAMARNE, EPA Orly-Rungis Seine Amont, EPA Mantois Seine Aval, and EP du Palais de Justice de Paris</p> <p>The prefect of Île-de-France is the government Commissioner of the Société du Grand Paris and of EPA du Secteur IV de Marne-la-Vallée France.</p> <p>The Prefect of Île-de-France is a director on certain boards, including Établissement public d'aménagement universitaire de la Région Île-de-France (EPAURIF) and Société de livraison des ouvrages olympiques SOLIDEO</p>
Mr	Charissoux Denis	Deputy Director of the Budget Department	Director of SNCF Réseau, the French national urban renewal agency (ANRU), the French environment and energy management agency (Ademe), the Société du Grand Paris (SGP), the State-funded body for the development of La Défense-Seine Arche (EPADESA), the French financing agency for transport infrastructure (AFITF), and the French agency for biodiversity (AFB).





## CORPORATE GOVERNANCE REPORT

2017 Corporate governance report

	Name	Role	Other positions
Mr	de Romanet Augustin	President and Chief Executive Officer of Aéroports de Paris	<b>Aéroports de Paris group</b> <b>International segment and airport development</b> TAV Group, public limited company governed by Turkish law: <ul style="list-style-type: none"> <li>• TAV Havalimanlari Holding AS (TAV Airports), company listed in Turkey: <ul style="list-style-type: none"> <li>– Director and Vice-Chairman of the Board of Directors,</li> <li>– Vice-Chairman of the Corporate Governance Committee,</li> <li>– Vice-Chairman of the Risk Committee,</li> <li>– Vice-Chairman of the Appointments committee;</li> </ul> </li> <li>• TAV Yatirim Holding AS (TAV Investment): Director and Vice-Chairman of the Board of Directors;</li> <li>• TAV Tepe Akfen Yatirim Insaat Ve Isletme AS (TAV Construction): Director and Vice-Chairman of the Board of Directors</li> </ul> <b>Business and services segment</b> <ul style="list-style-type: none"> <li>• Média Aéroports de Paris, French simplified joint-stock company, joint venture with JC Decaux: Chairman and Director;</li> <li>• Société de distribution aéroportuaire (SDA), French simplified joint-stock company, joint venture with Lagardère: Board member;</li> <li>• Relay@ADP, French simplified joint-stock company, joint-venture with Lagardère: member of the Management Board;</li> <li>• Groupe ADP Foundation: Chairman</li> </ul> <b>Other positions</b> <ul style="list-style-type: none"> <li>• Airport Council International (ACI) Europe, international non-profit association governed by Belgian law: Chairman of the Board of Directors and the Executive Committee</li> <li>• SCOR, listed European company: <ul style="list-style-type: none"> <li>– member of the Board of Directors,</li> <li>– member of the Appointments and Compensation Committee,</li> <li>– member of the Strategic Committee,</li> <li>– member of the Crisis Committee,</li> </ul> </li> <li>• member of the Supervisory Board of Le Cercle des Économistes SAS</li> </ul>
Mr	Leblanc Gilles	Regional and interdepartmental director for Île-de-France Infrastructure and Planning	Director of ADP, Ports de Paris, GPA (previously AFTRP), EPFIF, EPADESA, EPAORSA
Ms	Lepage Solenne	Director of “Transport” investments at APE	State representative on the Board of Directors of SNCF-Mobilités, of the ADP Group and of AF-KLM
Mr	Peylet Roland	Honorary State Councillor	No mandate
Ms	Sueur Catherine	Interim Deputy Managing Director of AP-HP	No mandate
<b>ELECTED FROM AREAS DIRECTLY AFFECTED BY THE COMPANY’S ACTIVITIES</b>			
Ms	Lepetit Annick	Paris Councillor	President of the Paris Batignolles Aménagement urban planning company

Name	Role	Other positions
<b>REPRESENTATIVES FROM BUSINESS BACKGROUNDS</b>		
Ms Bellon Michèle	Former ERDF President, Chairwoman of RATP's Audit Committee	Member of the Board of Directors of Greentech SA (Greentech Energy System), which became Athena Investments A/S on 12 December 2017, member of the Board of Directors of HF Company, member of the Board of Directors of the Resolis non-profit organisation
Ms Corazza Chiara	Managing Director of Paris-Île-de-France capitale économique, Managing Director of Women's Forum for the Economy and Society	Independent director of APRIL
Ms Guillouard Catherine	Chairwoman and Chief Executive Office of RATP	Chairwoman of the Supervisory Board of RATP Dev, Vice-Chairwoman of the Supervisory Board of Systra, Director of Engie, Director of Airbus SE
<b>REPRESENTATIVES OF PUBLIC TRANSPORT USERS</b>		
Mr Babut Michel	Representative of FNAUT (national federation of transport users)	No mandate
Mr Bernardelli Stéphane	Member of UNAF (national union of family non-profit organisations)	Member of the Board of Directors of the Union nationale des associations familiales (UNAF), Director appointed by UNAF to the High Council for road safety education (CSER), to the consumer and user advisory board of the SNCF, to the Board of Directors of Caisse nationale des allocations familiales (CNAF) and of Caisse nationale d'assurance maladie des travailleurs salariés (CNAMTS)
<b>TRANSPORT BUSINESS OR MOBILITY POLICY EXPERTS</b>		
Mr Angles Bruno	Chairman of Crédit Suisse France and Belgium	Member of MEIF – Advisory Panel
Mr Raulin Patrice	Former Chairman of Société Lyon-Turin Ferroviaire, the Fréjus tunnel French motorway company, the ENTPE (national college for State public works), and the Supervisory Board of Aéroports de Lyon; Chairman of CMTTT	Member of the APRR Procurement Board, Vice-Chairman of the Fédération habitat-humanisme, Co-manager of Foncière d'habitat-humanisme, Director of HH Gestion, Director of Coallia and of Mouvement d'aide au logement
<b>EMPLOYEE REPRESENTATIVES</b>		
Mr Lalouani Abdel Halim	FO union member (currently without designation)	Director of Logis-Transports
Mr Le Pahun Didier	UNSA union member	Director of Telcité and Naxos
Ms De Wilde-Ghikh Laurence	UNSA union member	Director of SEDP and the RATP Foundation
Ms Marquez Karen	SUD union member (currently without designation)	No mandate
Mr Piras Fabrizio	CGT union member	Director of Logis Transports and the RATP Foundation
Mr Rizzi Michel	CGT union member – Chairman of CISC	No mandate
Mr Roué Gilles	CGT union member	Employee Director of the RATP staff pension fund (CRP), Director of Promo Métro and SEDP
Mr Saveret Gilles	CGT union member	No mandate
Ms Jeunet-Mancy Claire	CFE-CGC union member	Director of Telcité and Naxos, and the RATP mutual insurance fund

# Consolidated financial statements

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# Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2017

To the Board of Directors of the RATP,

## 1. Opinion

In compliance with the engagement entrusted to us by the Commissioner of State Holdings, we have audited the accompanying consolidated financial statements of the Régie Autonome des Transports Parisiens (hereinafter "RATP") for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 (1) of regulation (EU) No. 537/2014 or in 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.

### Measuring intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (EPIC)

#### Key audit matters

As at 31 December 2017, the intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (établissement public à caractère industriel et commercial – EPIC) represented approximately 44% of total assets.

For the requirements of the asset impairment tests, the assets to be tested are combined into Cash Generating Units (CGUs). The CGUs defined for the EPIC RATP correspond to Infrastructure management and Transport operations.

For impairment testing, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value in use, which is equal to the present value of the CGU's expected future cash flows.

The main assumptions used by management in measuring the recoverable amount are described in Note 15.1 of the notes to the consolidated financial statements and concern:

- future cash flows estimated on the basis of RATP's business plan approved by the Board of Directors and based on the financial provisions of the agreement between the Syndicat des transports d'Île-de-France and RATP for 2016-2020, remeasured to present value based on actual developments;
- investment assumptions;
- the methods for calculating terminal values;
- the methods used to determine the discount rate specific to each CGU.

In view of the estimates and assumptions used to determine recoverable amounts, we believe that the measurement of the State-owned Industrial and Commercial Public Utility's (EPIC) intangible assets and property, plant and equipment is a key audit matter.



### Audit response

We assessed the appropriateness of the methods used by RATP to determine the recoverable amounts.

For the two CGUs "Infrastructure management" and "Transport operations", we assessed the company's models and calculations particularly by:

- assessing the quality of the process for drawing up and approving budgets and forecasts;
- comparing growth in revenue and investment over the term of the Île-de-France Mobilités lease with the provisions of the lease;
- assessing, on the one hand, the reasonableness of the main assumptions used in these models with the budgets and forecasts made by management and presented to the Board of Directors and, on the other hand, with our knowledge of the sector and the specificities of the Île-de-France Mobilités lease, through interviews with members of the Executive Committee;
- comparing the discount rates used by each activity with those used in various databases;
- assessing the sensitivity analyses carried out by RATP management on key assumptions to measure the potential impacts of these assumptions on the findings of the impairment tests.

We also assessed the appropriateness of the information presented in Notes 15 and 15.1 of the notes to the consolidated financial statements.

### Measurement of RATP Dev goodwill

As part of its development, through its sub-holding RATP Dev, the Group made several acquisitions leading to the recognition of goodwill.

Goodwill, which reflects the difference between the acquisition cost and the fair value of the assets acquired and liabilities assumed, is described in Note 8 of the notes to the consolidated financial statements.

An impairment test is carried out:

- annually for all the CGUs to which goodwill has been allocated;
- when there is an indication of impairment.

Goodwill is tested for impairment by comparing the carrying amount of the CGU with the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, which is equal to the present value of the CGU's expected future cash flows.

On an annual basis, management ensures that the carrying amount of goodwill, amounting to €347 million in the balance sheet, does not exceed the recoverable amount and that there is no risk of impairment.

The impairment testing methods used are described in Note 15.2 of the notes to the consolidated financial statements.

We believe that the measurement of goodwill is a key audit matter in view of its sensitivity to assumptions used by management, particularly in terms of the growth rate used for the cash flow forecasts and the discount rate applied to them.

### Audit response

We verified that the accounting methods used by the company complied with the accounting standards in force.

We also carried out a critical analysis of the arrangements for implementing these methods and in particular assessed:

- the reasonableness of the cash flow forecasts and growth rates used in relation to the economic and financial context;
- the reliability of the process for preparing estimates by examining the reasons for the differences between the forecasts in prior financial years and performance;
- the consistency of these cash flow forecasts with management's latest estimates, as presented to the Board of Directors as part of preparing the medium-term plan;
- the discount rate calculation applied to the cash flows estimated in relation to observable data.

We also assessed the appropriateness of the information presented in Notes 8 and 15.2 of the notes to the consolidated financial statements.

### Recoverability of deferred tax assets

#### Identified risk

Deferred tax assets amounted to €598 million in the consolidated balance sheet.

As stated in Note 7.2 of the notes to the consolidated financial statements, deferred tax assets on temporary differences or loss carryforwards are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised, and that the recoverability of these deferred tax assets is assessed within a reasonable period of time taking into account expected changes to the tax rate.

We have identified this subject as a key audit matter due to the uncertainty regarding the recoverability of deferred tax assets as at 31 December 2017, and management's assumption in this respect.

### Audit response

Our work consisted in assessing the likelihood that the EPIC RATP could, in the future, use the tax loss carryforwards generated to date, particularly with regard to:

- deferred tax liabilities existing in the same tax jurisdiction and which could be used before they expire to offset deferred tax liabilities in the same tax jurisdiction;
- the ability of the EPIC to realise future taxable profits making it possible to absorb prior tax losses.

We have verified that the methods used by management to identify existing tax loss carryforwards, either by deferred tax liabilities or by future taxable profits, were appropriate.

To assess future taxable profits, we analyzed the reliability of the process used to establish future net income forecasts in order to assess the probability of the Group recovering its deferred tax assets by:

- comparing net income forecasts in prior financial years with the actual net income for the financial years in question;
- comparing net income forecasts with the forecasts provided for in the Île-de-France Mobilités lease;
- checking that the assumptions on the renewal of the Île-de-France Mobilités lease are consistent with the assumptions used to test intangible assets and property, plant and equipment for impairment;
- carrying out a critical analysis of the fiscal assumptions used by management to establish net income forecasts beyond the business plan period.

We have also assessed the appropriateness of the information presented in Note 7.2 of the notes to the consolidated financial statements.

#### 4. Verification of the information pertaining to the Group presented in the management report

We have performed, in accordance with the professional standards applicable in France, the specific verifications required by French law, on information presented in the RATP group's management report.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements of the information given in the management report.

#### 5. Report on other legal and regulatory requirements

##### Appointment of the Statutory Auditors

The firms KPMG and Mazars were appointed as Statutory Auditors of RATP by the Commissioner of State Holdings on 26 March 2015.

As at 31 December 2017, the firms KPMG and Mazars were in the third year of the total uninterrupted engagement.

#### 6. 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 (IFRS) 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 risk 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.

### 7. 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 it 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 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 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





## CONSOLIDATED FINANCIAL STATEMENTS

Statutory Auditors' report on the consolidated financial statements

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. We describe these matters in this audit 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.

Paris-la Défense, 27 March 2018

The Statutory Auditors

KPMG Audit  
Department of KPMG SA  
Philippe Arnaud  
Partner

Mazars  
Lionel Gotlib  
Partner

# Consolidated statements of comprehensive income

The financial statements are presented in thousands of euros.

## 1 — Income statement

	Notes	31/12/2017	31/12/2016
Revenue (including revenue from financial concession assets €117 million in 2017 and €116 million in 2016)	3	5,486,483	5,447,767
Other income from ordinary activities	3	288,572	341,756
<b>Revenue</b>	<b>3</b>	<b>5,775,056</b>	<b>5,789,523</b>
Cost of sales		(571,033)	(630,051)
Other purchases and external charges		(874,765)	(875,597)
Tax, duties and other payables	4	(317,373)	(325,353)
Payroll costs	5	(3,179,735)	(3,144,924)
Other operating expenses		(15,480)	(27,655)
<b>EBITDA</b>		<b>816,670</b>	<b>785,943</b>
Depreciation/amortisation		(380,958)	(386,093)
Provisions, net	25	11,886	(18,300)
Gain on disposal of assets		2,085	(6,755)
Gain/(loss) on other consolidation scope changes	2.3	3,834	(461)
Impairment		0	0
Other operating income (expenses)		835	230
Income from equity-accounted entities	17	(10,999)	7,531
<b>Operating income after share of net income from equity-accounted entities</b>		<b>443,353</b>	<b>382,095</b>
Financial income	6	74,823	53,301
Financial expenses	6	(249,863)	(229,137)
<b>Income statement</b>		<b>(175,040)</b>	<b>(175,836)</b>
<b>Pre-tax income</b>		<b>268,313</b>	<b>206,259</b>
Income tax	7	79,546	(28,051)
<b>Consolidated net income</b>		<b>347,859</b>	<b>178,208</b>
<b>Net income attributable to owners of the company</b>		<b>338,937</b>	<b>171,019</b>
Net income attributable to non-controlling interests		8,922	7,190

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated statements of comprehensive income

## 2 — Other comprehensive income

	31/12/2017	31/12/2016
<b>Consolidated net income</b>	<b>347,859</b>	<b>178,208</b>
Gains and losses on remeasurements of available-for-sale financial assets	0	0
Change in the fair value of cash flow hedges	(5,416)	5,808
Deferred taxes on changes in the fair value of the effective portion of the cash flow hedge derivative instruments	97	(171)
Foreign currency translation differences	(6,920)	(10,264)
Share from equity-accounted entities of comprehensive income that may be reclassified to profit or loss	(5,390)	1,013
<b>Total other comprehensive income that may be reclassified to profit or loss</b>	<b>(17,629)</b>	<b>(3,614)</b>
Remeasurement of gross defined benefit obligations	16,576	(66,284)
Deferred taxes on remeasurement of defined benefit obligations	(36)	409
Share from equity-accounted entities of comprehensive income that may not be reclassified to profit or loss	(34)	(268)
<b>Total other comprehensive income that may not be reclassified to profit or loss</b>	<b>16,506</b>	<b>(66,143)</b>
<b>Income and expense recognised under other components of comprehensive income</b>	<b>(1,122)</b>	<b>(69,757)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>346,736</b>	<b>108,452</b>
Attributable to owners of the company	340,941	100,445
Attributable to non-controlling interests	5,796	8,006

# Consolidated balance sheets

Assets	Notes	31/12/2017	31/12/2016	Liabilities	Notes	31/12/2017	31/12/2016
				Capital endowment	23	433,367	433,367
Net goodwill	8	346,936	354,631	Reserve for assets allocated to RATP	23	250,700	250,700
Intangible assets	9	720,863	716,044	Reserves		3,625,430	3,449,877
Property, plant and equipment	10	6,027,837	5,758,891	Retained earnings for the period		338,937	171,019
				<b>Equity attributable to owners of the company</b>		<b>4,648,434</b>	<b>4,304,963</b>
Equity-accounted investments	17	123,269	139,526				
Available-for-sale financial assets	18	37,631	35,399	Non-controlling interests		31,321	33,039
Derivative financial instruments – non-current	30	122,738	144,107				
Financial concession assets – non-current	14	3,795,775	3,899,597	<b>Equity</b>		<b>4,679,755</b>	<b>4,338,002</b>
Other financial assets – non-current	19	351,584	463,154				
Deferred tax assets	7	764,399	688,511	Provisions for employee benefits	24	742,401	762,098
				Other provisions – non-current	25	160,983	160,424
<b>Non-current assets</b>		<b>12,291,031</b>	<b>12,199,859</b>	Loans and borrowings – non-current	26	4,928,560	5,402,326
				Derivative financial instruments – non-current	30	49,832	52,239
Inventories and work in progress	20	210,436	208,712	Deferred tax liabilities	7	166,194	179,124
				Other trade creditors		10,130	10,447
Operating receivables	21	1,021,611	1,112,351	<b>Non-current liabilities</b>		<b>6,058,099</b>	<b>6,566,659</b>
Derivative financial instruments – current	30	3,239	173,740				
Financial concession assets – current	14	285,982	277,861	Other provisions – current	25	67,640	74,434
Other financial assets – current	19	438,486	439,965	Loans and borrowings – current	26	2,359,513	2,279,064
				Derivative financial instruments – current	30	8,226	6,718
Cash and cash equivalents	22	1,143,086	1,020,413	Accounts payable	27	2,220,638	2,168,024
<b>Current assets</b>		<b>3,102,840</b>	<b>3,233,042</b>	<b>Current liabilities</b>		<b>4,656,017</b>	<b>4,528,240</b>
<b>TOTAL ASSETS</b>		<b>15,393,872</b>	<b>15,432,901</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,393,872</b>	<b>15,432,901</b>



# Consolidated statements of cash flows

	31/12/2017	31/12/2016
<b>Consolidated net income</b>	<b>347,859</b>	<b>178,208</b>
<b>Adjustments to reconcile net income to cash flow from operations:</b>		
Income from equity-accounted entities	10,999	(7,459)
Depreciation and amortisation	380,636	423,946
Depreciation and amortisation of concession assets	315,636	300,928
Gains/(losses) from asset disposals	(5,955)	6,224
Other non-cash items	5,258	10,034
<b>Cash flow from operations after net financial expense and tax</b>	<b>1,054,433</b>	<b>911,882</b>
Adjustment of tax expense (income)	(79,546)	28,051
Change in working capital excluding investments and grants	9,808	(114,478)
Income taxes paid	(7,822)	(7,465)
<b>Net cash provided by operating activities</b>	<b>976,873</b>	<b>817,990</b>
Effect of scope changes	7,020	(16,070)
Purchase of property, plant and equipment and intangible assets	(1,413,832)	(1,240,944)
Purchase of concession assets	(217,296)	(610,105)
Purchase of other financial assets	(2,078)	32
Change in loans and advances granted	5,280	4,395
Change in working capital relating to investments and concession assets	12,490	63,827
Investment grants received excluding concession assets	575,536	533,574
Investment grants received for concession assets	156,378	281,684
Change in investment grants to be received	75,822	(4,506)
Proceeds from disposals of property, plant and equipment and intangible assets	44,120	15,123
Proceeds from financial assets	20	151
Dividends received from equity-accounted entities	3,431	2,111
<b>Net cash used in investing activities</b>	<b>(753,110)</b>	<b>(970,727)</b>
Non-controlling interests – share of changes in capital	(249)	(500)
Proceeds from issuance of borrowings	540,039	526,664
Repayment of borrowings	(379,522)	(189,431)
Change in commercial paper	(93,676)	(292,896)
Change in cash collateral and short-term investments	(112,261)	(9,359)
Increase/(decrease) in accrued interest	(1,688)	(147)
Dividends paid to non-controlling interests	(6,837)	(4,316)
Other cash flow from financing activities	(2,427)	(7,636)
<b>Net cash from financing activities</b>	<b>(56,621)</b>	<b>22,380</b>
Effect of changes in the exchange rate	(4,944)	516
Effect of changes in accounting principles	–	(10,008)
<b>Net change in cash and cash equivalents</b>	<b>162,198</b>	<b>(139,850)</b>
Cash and cash equivalents at 1 January	861,817	1,001,667
Cash and cash equivalents at 31 December	1,024,015	861,817
<b>Net change in cash and cash equivalents</b>	<b>162,198</b>	<b>(139,850)</b>

# Consolidated statements of changes in equity

	Share capital	Reserve for assets allocated to RATP	Translation reserve	Actuarial gains and losses	Fair value reserve	Cash flow hedges	Other reserves	Equity attributable to owners of the company	Non-controlling interests	Total equity
<b>Equity as at 31 December 2015</b>	<b>433,367</b>	<b>250,700</b>	<b>11,868</b>	<b>(98,224)</b>	<b>(224)</b>	<b>(32,356)</b>	<b>3,109,612</b>	<b>3,674,742</b>	<b>33,506</b>	<b>3,708,248</b>
Net income for the period							171,019	171,019	7,190	178,208
Other comprehensive income			(10,395)	(65,853)		5,675		(70,573)	816	(69,757)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(10,395)</b>	<b>(65,853)</b>	<b>0</b>	<b>5,675</b>	<b>171,019</b>	<b>100,445</b>	<b>8,006</b>	<b>108,452</b>
Other transactions with owners of the company							(7,054)	(7,054)	(3,350)	(10,404)
Dividends								0	(5,114)	(5,114)
Recognition of RATP's deferred taxes							537,000	537,000	0	537,000
Other changes							(169)	(169)	(10)	(179)
<b>Equity as at 31 December 2016</b>	<b>433,367</b>	<b>250,700</b>	<b>1,473</b>	<b>(164,077)</b>	<b>(224)</b>	<b>(26,681)</b>	<b>3,810,407</b>	<b>4,304,963</b>	<b>33,039</b>	<b>4,338,002</b>
Net income for the period							338,937	338,937	8,922	347,859
Other comprehensive income			(8,702)	16,019		(5,313)		2,004	(3,126)	(1,123)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(8,702)</b>	<b>16,019</b>	<b>0</b>	<b>(5,313)</b>	<b>338,937</b>	<b>340,941</b>	<b>5,796</b>	<b>346,736</b>
Other transactions with owners of the company							239	239	(302)	(63)
Dividends								0	(6,091)	(6,091)
Recognition of RATP's deferred taxes							0	0	0	0
Other changes							2,291	2,291	(1,120)	1,170
<b>EQUITY AS AT 31 DECEMBER 2017</b>	<b>433,367</b>	<b>250,700</b>	<b>(7,229)</b>	<b>(148,058)</b>	<b>(224)</b>	<b>(31,994)</b>	<b>4,151,873</b>	<b>4,648,433</b>	<b>31,321</b>	<b>4,679,755</b>





# Notes to the consolidated financial statements

Unless otherwise stated, all amounts are presented in thousands of euros.

The RATP group ("the Group") is a major public transport provider in France, operating in towns and suburbs and particularly in the Île-de-France area.

The parent company, Régie autonome des transports parisiens (RATP), is a State-owned Industrial and Commercial Public Utility (Epic) created by the law of 21 March 1948. It is a legal entity under public law, registered with the Paris Trade and Companies Register. Its head office is located at 54, quai de la Rapée, 75012 Paris.

The aim of RATP is primarily to run a public transport service in Île-de-France and its purpose, fixed by French law No. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), is to manage the network infrastructure for public passenger transport services. This law:

- entrusted RATP with the role of managing the metro and RER network infrastructure (excluding the responsibilities conferred on SNCF Réseau) used for its operations as of 1 January 2010;
- specified that lines created before 3 December 2009 shall continue to be operated under the terms of the agreements effective as at that date and the agreements that shall be negotiated under the defined legal framework until 31 December 2024 for bus services, until 31 December 2029 for tramway services and until 31 December 2039 for other transport services (metro and RER). The operating rights granted to RATP are thus limited in duration, with renewal possible under the terms stipulated by law;
- set forth the framework governing the remuneration of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

The Île-de-France transport offer is defined by the Syndicat des transports d'Île-de-France (commonly called Île-de-France Mobilités). RATP's activity as operator is governed by multi-year agreements with the Syndicat des transports d'Île-de-France. As part of these agreements, RATP undertakes to provide a benchmark transport service defined in terms of quantity and quality, and receives compensation based on the direct revenue and flat-rate contributions paid by the Syndicat des transports d'Île-de-France.

Since the adoption of French law No. 2000-1208 on solidarity and urban renewal, RATP has been authorised to operate public transport networks via its subsidiaries throughout France and abroad.

RATP is a State-owned company and, as such, the Group's consolidated financial statements are included in the combined financial statements of the latter.

The Group's consolidated financial statements as at 31 December 2017 were approved by the Board of Directors on 23 March 2018.

## 1 — Accounting guidelines

### 1.1 Accounting policies

Pursuant to European regulation No. 1606/2002 of 19 July 2002 on international accounting standards, the consolidated financial statements of the RATP group have been prepared as at 31 December 2017 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Information on these guidelines is available on the European Commission website at: [http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm).

### 1.2 IFRS developments and accounting changes

#### 1.2.1 Standards, amendments and interpretations mandatory for financial years beginning on or after 1 January 2017

In 2017, there were no new IFRS texts that are mandatory in the European Union from 1 January 2017.

#### 1.2.2 Standards, amendments and interpretations adopted by the European Union that are not mandatory for preparation of the 2017 consolidated financial statements

The Group has not opted for early application of the following standards adopted by the European Union:

- IFRS 15 "Revenue from contracts with customers" will be effective for accounting periods beginning on or after 1 January 2018. In 2017, a working group of carriers was set up within the Union of Public Rail Transport (UTP). This group has defined a common position for companies in the "Transport" business sector on the main methods of revenue recognition in accordance with IFRS 15, with the aim of applying it consistently to various players in the sector. Only the public passenger transport business is addressed in this note. RATP's finance department has been associated with these reflections. A more detailed analysis of the contract between the Syndicat des transports d'Île-de-France and RATP contract was carried out. Based on the analyses carried out on this contract, the application of IFRS 15 will not have a significant impact on the recognition of revenue compared to existing standards;
- IFRS 9 "Financial instruments" will be effective for accounting periods beginning on or after 1 January 2018. This standard primarily introduces changes in the way financial instruments are classified and measured and also how hedges are recognised. The effects of this standard were analyzed, from which the Group does not expect any significant impact;

- IFRS 16 “Leases” will be effective for accounting financial years beginning at 1 January 2019. The RATP group is about to start work to measure the impact of this standard.

The Group has not opted for early application of the other standards, amendments and interpretations adopted by the European Union which are effective for financial years beginning on or after 31 December 2017.

## 1.3 Use of estimates and assumptions

The preparation of the consolidated financial statements requires Group management to make estimates and assumptions, as many of the items included in the financial statements cannot be measured accurately. Management revises the estimates if there is a change in the circumstances upon which they were based, or when new facts arise or it obtains a more extensive understanding of the situation. Consequently, actual results may differ significantly from the estimates made at 31 December 2017.

The estimates and assumptions notably concern:

- the accumulated amortisation, depreciation and impairment of assets, particularly property, plant and equipment (Note 10), inventories (Note 20), operating receivables (Note 21), goodwill (Note 8) and asset impairment tests (Note 15);
- liabilities, including provisions for contingencies, primarily those for decommissioning (Note 25), and items relating to employee benefits (Note 24) and contingent liabilities (Note 34);
- fair value measurement of financial instruments (Note 31);
- assessment of counterparty risk on deposits connected with leasehold agreements (Note 13);
- recognition of deferred tax assets (Note 7);
- recognition of concessions (Note 14);
- business combinations (Note 2).

The accounting principles applied when preparing the consolidated financial statements are set out below in the notes to the consolidated financial statements. Unless otherwise indicated, these methods were consistently applied to the reporting periods presented.

## 1.4. Consolidated statement of income sub-totals

The RATP group has chosen to present its consolidated statement of income by nature of expense. Several subtotals are used to assist users of the financial statements in understanding the components of net income.

### 1.4.1 EBITDA

EBITDA comprises revenue and other income from ordinary activities less directly attributable operating expenses. These mainly include cost of sales, subcontract expense, other purchases and external charges, payroll and payroll-related costs and taxes (other than income tax). All payroll-related amortisation and provisions, in particular those concerning employee benefits are included in the line item “payroll costs”.

### 1.4.2 Operating income after share of net income from equity-accounted entities

In addition to the components included in EBITDA, operating income includes most non-cash items (depreciation and amortisation, movements in provisions) and other operating income and expense, as well as income from equity-accounted entities.

Operations that are uncommon both in their occurrence and amount are isolated in other operating income and expenses. Non-recurring and extraordinary items are shown separately in order to present the fairest view of the Group’s recurring operating results.

### 1.4.3 Net financial expense

The Group’s net financial expense presents the effects of its financing transactions. Net financial expense mainly corresponds to the cost of net debt. This comprises interest expense on loans and borrowings, interest income on cash and cash equivalents and income or expense from leasehold operations. These items are shown net of the effect of hedging operations, and including changes in the fair value of derivative financial instruments, that do not meet IFRS hedge accounting criteria.

## 1.5 Ownership regime governing assets capitalised by RATP

The ownership regimes governing assets created by RATP or originally allocated to RATP are distinguished into four asset categories:

- infrastructure assets, which are managed and owned by RATP;
- rolling stock and the related maintenance equipment (returnable (concession) assets), which are owned by the Syndicat des transports d’Île-de-France. It will have full possession of these assets upon the expiry of RATP’s operating rights, when it repurchases the assets at the carrying amount net of grants, as reported in RATP’s (annual) financial statements. In the consolidated financial statements, these assets are recognised as financial assets in accordance with IFRIC 12 “Service concession arrangements” (Note 14);
- other assets required for operations (reversionary (concession) assets), other than those mentioned in the previous two paragraphs, which are fully owned by RATP. Upon expiry of RATP’s operating rights, the Syndicat des transports d’Île-de-France has the right to exercise a right of repossession on these assets. These assets were recognised as financial assets and intangible assets in accordance with IFRIC 12 “Service concession arrangements” (Note 14);
- real estate and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.



Assets capitalised by RATP are recognised as follows:

#### Type of assets

	Infrastructure management (IM)	Transport operations (TO)		
	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets
<b>Nature of assets</b>	Infrastructure assets	Rolling stock and related maintenance equipment	Assets required for operations: <ul style="list-style-type: none"> <li>• bus stations,</li> <li>• equipment, etc.</li> </ul>	Assets allocated for administrative, social and training purposes.
<b>Ownership regime</b>	RATP owns these assets	These assets belong to the Syndicat des transports d'Île-de-France. RATP uses and manages the assets. The Syndicat des transports d'Île-de-France will take possession of the assets when the operating rights expire.	RATP owns these assets. The Syndicat des transports d'Île-de-France holds a right to repossess these assets subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.
<b>Compensation arrangements during operating period</b>	The compensation for Infrastructure management is collected via Transport operations	Article 14 of French decree No. 2011-320 sets forth the arrangements governing the compensation payable by the Syndicat des transports d'Île-de-France to RATP for the assets.	The compensation principles and arrangements apply for the duration of the agreement with the 2016-2020 Syndicat des transports d'Île-de-France	
<b>Compensation arrangements upon expiry of operating rights</b>	NA	Article 14 of the French decree No. 2011-320 provides for the buyback of the assets at their carrying amount, net of any grants.	The agreement between the Syndicat des transports d'Île-de-France and RATP provides for the repossession of the assets at a value of zero for assets transferred to RATP, or at their carrying amount, net of grants for other assets.	NA
<b>Assets eligible under IFRIC 12 – "Service concession arrangements"</b>	No	Yes <sup>(1)</sup>	Yes <sup>(1)</sup>	No

(1) Assets eligible under IFRIC 12 were recognised as financial concession assets and/or intangible assets (Note 14).

## 2 — Scope of consolidation

### 2.1 Accounting principles related to the scope of consolidation

#### 2.1.1 Principles of consolidation

##### 2.1.1.1 Determination of the scope and methods of consolidation

The RATP group's consolidated financial statements comprise the financial statements of the RATP parent company and those of its subsidiaries, joint ventures, joint operations and associates.

The Group includes controlled subsidiaries. This control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Companies are consolidated from the date their controlling interest is transferred to the Group. They are de-consolidated from the date the Group ceases to exercise such control. When the Group ceases to control a subsid-

iary, it derecognises the assets and liabilities, as well as any non-controlling interests and other recyclable equity components, where applicable. The resulting profit or loss is recognised in the income statement. Any retained interest should be measured at the fair value on the date control ceases. Changes in ownership interest in a subsidiary that do not result in a loss of control are recognised in equity. Transactions between consolidated entities are eliminated.

Entities that are jointly controlled by the Group and other shareholders and classified as joint ventures are accounted for by the equity method. Joint ventures are joint arrangements in which the partners have rights to the net assets of the jointly-controlled entity. Joint arrangements classified as joint operations are accounted for line-by-line for the amounts of retained interest in assets, liabilities, income and expenses for the Group. These are joint arrangements in which the partners have direct rights to the assets and direct obligations due to the liabilities of the jointly-controlled entity. The Group particularly retains in its assessment the fact that the entity's income is mainly destined for joint arrangements, as well as the share of the entity's financing by partners compared to external financing. Only the Metrolab partnership (research and development activity) is classified as a joint operation. The other joint arrangements are classified as joint ventures.

Entities over which the Group exercises significant influence are accounted for using the equity method; significant influence is presumed to exist when the Group holds 20% or more of voting rights.

The equity-accounted investments will be subject to an impairment test if an indication of impairment appears.

Adjustments are made to the financial statements of consolidated and equity-accounted entities to bring them into compliance with the accounting policies applied by the Group.

#### **Low-cost housing company HLM Logis-Transports SA**

Assessing the extent of control over low-cost housing (HLM) companies takes into account the atypical nature of these companies, their specific operational characteristics and the very strict regulatory constraints imposed upon them.

Consequently, despite the fact that RATP holds close to a 100% stake, the company was not consolidated because the Group deems it does not have control, pursuant to IFRS 10, for the following reasons:

- low-cost housing regulations impose financial and statutory constraints (e.g. restrictions on distributable profit and liquidating dividend rights), which limit the rights to variable returns to which RATP may be entitled;
- the debt of low-cost housing companies, transaction by transaction, is almost always guaranteed by the local government authorities. Consequently, RATP does not bear any repayment risk on the loans granted to HLM Logis-Transports;
- although RATP exercises influence over certain aspects of HLM Logis-Transports' management, its influence cannot be qualified as control. RATP cannot manage the relevant activities of Logis-Transports despite its majority share. The assets of Logis-Transports are land and buildings used for social housing. The sale of these assets is restricted (impossible outside the low-cost housing market). They are a source of revenue (rent), which is set and adjusted by the regulator. The use of the assets is subject to certain conditions, such as the quotas for reserving housing set by the prefectures and local authorities. The allocation of housing to RATP employees is carried out by an allocation board in the same way as for external applicants.

Logis-Transports shares are classified as available-for-sale financial assets and are measured at their acquisition cost, less impairment losses, where applicable.

The main financial information concerning HLM Logis-Transports SA is presented in Note 18.

#### **2.1.1.2 Business combinations**

Business combinations are accounted for using the acquisition method, which requires that identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date, which is the date at which control is transferred to the Group.

Goodwill resulting from business combinations is measured as the excess of the total value of the consideration transferred, the recog-

nised amount of any non-controlling interests in the acquiree and, where applicable, the fair value of any pre-existing equity interest in the acquiree in relation to the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

This goodwill is measured in the functional currency of the acquiree and accounted for on the consolidated balance sheet. The Group may elect at the acquisition date of each business combination to measure any non-controlling interest (minority interest) at fair value (the "full goodwill method") or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree. The latter method is more frequently applied by the Group.

Transaction costs in connection with a business combination are expensed as incurred.

#### **2.1.1.3 Commitments to purchase non-controlling interests**

Financial liabilities include the puts issued by the Group on non-controlling interests.

The Group has adopted the following accounting treatment for these commitments:

- at inception of the puts, the present value of the exercise price is recognised as a financial liability offset through a reduction in non-controlling interests, with the remaining balance recognised in equity attributable to owners of the company;
- at each reporting date, the financial liability is remeasured and changes in the liability are recognised in equity attributable to owners of the company.

Puts with variable exercise prices are measured at the reporting date on the basis of estimates and the most recent data available (*i.e.* exercise price based on fair value or using a formula).

#### **2.1.2 Conversion method**

##### **2.1.2.1 Functional currency and reporting currency**

The consolidated financial statements are presented in euros, which is the Group's reporting currency. The items included in the financial statements of each Group entity are measured in the functional currency, which is the legal tender of the primary economic environment in which the entity operates (the "functional currency").

##### **2.1.2.2 Financial statements of foreign operations**

Subsidiaries' financial statements prepared using a functional currency different to the Group's reporting currency have been converted into euros as follows:

- balance sheet entries, using the exchange rate effective at the reporting date;
- income statement entries, using the average exchange rate over the period.



Gains and losses from foreign currency translation are recognised directly as other comprehensive income under “Currency translation reserves” for those relating to the Group, and under “Non-controlling interests” for those relating to non-controlling interests. When a foreign operation is sold, the associated currency translation gains and losses recognised under other comprehensive income are transferred to profit and loss.

### 2.1.2.3 Conversion of foreign currency transactions

Foreign currency transactions are converted into the functional currency at the exchange rate effective on the date of the transaction.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate effective at this time. Foreign currency translation adjustments are recorded in the income statement for the period or as a separate component under other comprehensive income if they relate to net foreign investments or cash flow hedges.

## 2.2 Changes in the scope of consolidation

The list of consolidated companies is provided in Note 38.

The changes in consolidation scope that occurred during the year had no material impact on the consolidated financial statements.

## 2.3 Gain/(loss) on other consolidation scope changes

	31/12/2017	31/12/2016
Gain/(loss) on other consolidation scope changes	3,834	(461)

The operations on the scope correspond mainly to the capital gains from the sale of Fullington.

# 3 — Revenue recognition

Revenue is recognised when the major risks and rewards are transferred to the buyer, which usually coincides with the transfer of ownership or the provision of a service. Revenue is recognised net of rebates, discounts and sales tax, and after the elimination of inter-company sales.

Revenue related to the transport business is recognised when the service is carried out.

## 3.1 RATP’s revenue

It comprises:

### 1. Transport revenue, comprising the following:

- direct traffic revenue from transport users;
- the Syndicat des transports d’Île-de-France’s contributions:

Contributions for 2016-2020 include:

- “C1”, a contribution to operating expenses arising from public service obligations. This contribution comprises three items:
  - “C11”, a flat-rate contribution to operating expenses from the Transport operations and Infrastructure management activities that are not covered by revenue from transport users,
  - “C12”, a contribution covering the exact amount of business, professional and property-related taxes and duties levied,
  - and “C13”, a contribution covering the difference between the direct revenue forecasts used to calculate the “C11” flat-rate contribution and the updated direct revenue forecasts based on the Syndicat des transports d’Île-de-France’s pricing decisions,
- “C2”, a contribution to finance investments. In accordance with IFRIC 12 on “Service concession arrangements”, the portion of “C2” contribution to returnable and reversionary (concession) assets has been accounted for as amortisation and compensation of the associated financial assets recognised (Note 14),
- a reward or penalty for quality of service,
- a profit-sharing scheme with risks and gains shared between RATP and the Syndicat des transports d’Île-de-France based on the actual direct revenue generated compared with contractual revenue targets,
- “C4”, a contribution to finance the acquisition of rolling stock for the T3, T5, T6, T7 and T8 tramway lines (reimbursing actual finance lease payments due). In accordance with IFRIC 12 on “Service concession arrangements”, the “C4” contribution has been accounted for as amortisation and compensation of the associated financial assets recognised (Note 14).

This transport revenue is provided for under the terms of the 2016-2020 multi-annual agreement concluded between the Syndicat des transports d’Île-de-France and RATP. The “C11” and “C2” contributions are revalued every year by applying an indexing formula based on the indices, pursuant to the provisions of the Syndicat des transports d’Île-de-France’s agreement.

Public prices are set by Île-de-France Mobilités, the organising authority. They constitute a public service obligation with which RATP must comply.

## 2. Transport-related activities

They mainly include:

- revenue from advertising and commercial leases;
- various repayments (including training costs).

## 3. Non-transport revenue

Non-transport revenue consists primarily of revenue from services and work rendered to third parties, sales of goods, mobile telephony and telecommunications. Revenue from engineering and construction contracts and the associated costs are recognised under income and expense respectively, according to percentage completion at the reporting date. Percentage-of-completion is measured on the basis of the costs incurred for the work performed to date, based on estimated total contract costs.

Profit generated on contracts that are accounted for by the percentage-of-completion method is only recognised when it can be measured reliably. If it is likely that the total costs of the contract will exceed contract income, the expected loss at completion is immediately expensed and recorded as an impairment of contract revenue receivable, then provisioned under liabilities, as appropriate.



## 3.2 Revenue from subsidiaries

It is mainly made up of transport revenue, comprising the following:

- direct traffic revenue from transport users;
- pricing contributions made by the transport authorities.

## 3.3 Revenue

	31/12/2017	31/12/2016
Transport	4,628,672	4,610,782
Transport-related activities	157,867	148,923
Non-transport revenue	583,134	572,117
Revenue from financial concession assets	116,810	115,946
<b>Revenue</b>	<b>5,486,483</b>	<b>5,447,767</b>
Proceeds from disposal of concession assets	189,683	252,596
Other swaps	98,889	89,160
<b>Other income from ordinary activities</b>	<b>288,572</b>	<b>341,756</b>
<b>REVENUE</b>	<b>5,775,056</b>	<b>5,789,523</b>

Revenue of the main subsidiaries in France and abroad:

	31/12/2017			31/12/2016		
	Revenue	Revenue France	Revenue international	Revenue	Revenue France	Revenue international
RATP	4,372,292	4,372,292		4,321,982	4,321,982	
RATP Dev France/ Switzerland	385,816	380,701	5,115	381,034	369,801	11,233
RATP Dev Italy	20,755		20,755	20,341		20,341
RATP Dev UK	339,181		339,181	389,818		389,818
RATP Dev USA	136,323		136,323	131,825		131,825
RATP Dev Africa	162,965		162,965	134,175		134,175
RATP Dev Asia-Middle East	35,712		35,712	36,356		36,356
Ixxi and its subsidiaries	4,736	4,736		3,969	3,969	–
Other swaps	28,704	28,704		28,268	28,169	99
<b>TOTAL GROUP</b>	<b>5,486,483</b>	<b>4,786,432</b>	<b>700,051</b>	<b>5,447,767</b>	<b>4,723,920</b>	<b>723,846</b>





## 4 — Tax, duties and other payables

	31/12/2017	31/12/2016
Tax, duties and other payables	(317,373)	(325,353)

This item includes €175 million in taxes and duties on compensation and €85 million for the regional levy (*contribution économique territoriale*).

## 5 — Payroll costs

### 5.1 Financial impact

	31/12/2017	31/12/2016
Compensation	(2,207,059)	(2,172,899)
Payroll-related costs	(947,084)	(922,421)
Other long-term employee benefits	(2,995)	(6,927)
Post-employment benefits	(47,041)	(55,693)
Employee profit sharing	(52,588)	(51,390)
French tax credit on payroll costs (CICE)	77,032	64,406
<b>TOTAL PAYROLL COSTS</b>	<b>(3,179,735)</b>	<b>(3,144,924)</b>

RATP sold, for a net amount of €131 million on 15 December 2017, the CICE receivable of the tax-consolidated group to a credit institution that became its owner. The receivables sold can no longer be charged against the tax.

### 5.2 Number of employees

	31/12/2017	31/12/2016
RATP	44,054	43,981
RATP Dev and subsidiaries	16,848	16,203
Other subsidiaries	220	251
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>61,122</b>	<b>60,435</b>

These figures relate to employees of fully-consolidated companies, as the employees of equity-accounted entities have not been taken into account.

## 5.3 Defined employee benefit contribution plans

The organisation of RATP's pension funding scheme ensues from the application of the following decrees:

- decree No. 2005-1635 of 26 December 2005 regarding the RATP pension fund (CRP-RATP);
- French decree No. 2005-1636 of 26 December 2005 regarding the financial agreements made under the special pension scheme for RATP employees, as well as the base and contribution rates to the scheme. The decree amends French decree No. 59-157 of 7 January 1959 on the organisation of passenger transport services in the Île-de-France region;
- decree No. 2005-1637 of 26 December 2005 regarding RATP pension fund resources;
- decree No. 2005-1638 of 26 December 2005 setting the rates of contributions to the RATP pension fund.

These decrees state that the CRP-RATP (RATP pension fund), a State entity, assumes the liability for the payment of retirement pensions. RATP's obligation is to pay contributions, which are calculated in a specific manner, but are equal to the amounts payable by all companies with employees under common law statutory social security schemes (compulsory pension schemes such as the French national pension fund – Caisse nationale d'assurance vieillesse, and the complementary pension fund for managers/employees – Association générale des institutions de retraite des cadres/Association pour le régime de retraite complémentaire des salariés Agirc-Arrco). The European Commission authorised this scheme on 13 July 2009 by a decision addressed to the French authorities.

RATP pays employer contributions into the CRP-RATP employees' pension fund. Pursuant to the decrees of December 2005, these contributions are the only requirement incumbent upon RATP in terms of retirement obligations. RATP has no other actuarial liabilities. The payments made by RATP are expensed in the period they relate to.

Pension costs for 2017 amounted to €284,488 thousand. It is included in payroll costs as part of operating income.

## 6 — Net financial expense

### Finance costs

	31/12/2017	31/12/2016
Interest expense on financing	(180,682)	(183,319)
Change in amortised cost	(1,841)	996
Net foreign exchange gain (loss) on borrowings	(177,202)	(52,466)
Ineffective portion of fair value hedges	(1,491)	(172)
Net change in fair value of hedges	4,737	(3,348)
Interest expense on hedging and trading derivatives	1,098	2,763
Net change in fair value of transactions that do not qualify for hedge accounting	2,711	(1,008)
Net foreign exchange gain (loss) on derivatives	177,081	52,466
<b>TOTAL FINANCE COSTS</b>	<b>(175,589)</b>	<b>(184,088)</b>

### Other financial income and expense

	31/12/2017	31/12/2016
Income from investments	1,063	653
Income from cash and cash equivalents	2,239	3,275
Net income from leaseholds	1,404	734
Net foreign exchange gain (loss) on operating items	4,350	5,137
Other financial income or expense	(8,507)	(1,546)
<b>Total financial income</b>	<b>74,823</b>	<b>53,301</b>
<b>Total financial expense</b>	<b>(249,863)</b>	<b>(229,136)</b>
<b>INCOME STATEMENT</b>	<b>(175,040)</b>	<b>(175,835)</b>

Net foreign exchange gains and losses are offset by gains and losses on hedging derivatives. Financial risk management is further described in Note 29.



## 7 — Income tax

Income taxes include current tax expense or income and deferred tax expense or income.

### Liability for corporate income tax starting 2016

Since 1 January 2016, RATP has been subject to corporate income tax and similar taxes (apprenticeship tax and tax on company vehicles). RATP also considers that this deadline includes being subject to payroll tax from the same financial year.

Prior to the entry into taxation on 1 January 2016, RATP revalued on a tax-free basis the assets and liabilities forming the balance sheet at 31 December 2015 at their market value. This corresponds to the tax value of the assets in the opening balance sheet. The “tax” revaluation surplus resulting from the difference between the reassessed value and the carrying amount of the assets appearing in the opening balance sheet is monitored on a non-accounting basis. It generates a tax depreciation thus used solely for the calculation of tax.

In the case of equipment grants granted to undertakings by the European Union, the State, public authorities or any other public body and allocated to the creation or acquisition of fixed assets, article 42-f of the French general tax code (CGI) provides that these subsidies may be taxed in line with depreciation for the portion of the subsidy allocated to depreciable fixed assets and over a period of ten years for the portion of the subsidy allocated to non-depreciable fixed assets. As RATP was not subject to corporate income tax at the time of grants awarded before 1 January 2016, it was not in a position to opt for the optional scheme under article 42-f of the CGI. As a result, the DLF (Tax Legislation Directorate) considers that the grants awarded to RATP before 1 January 2016 relate to pre-tax years and are therefore not taxable.

### Tax consolidation

Since 2016, RATP opted for the tax consolidation regime for the French subsidiaries in which it had a stake exceeding 95%, as stipulated in article 223A of the French General Tax Code.

Most of the French subsidiaries are in the company's tax consolidation scope. Under the tax consolidation agreements, the subsidiaries bear a tax expense equivalent to that which they would have incurred in the absence of consolidation. The tax consolidation proceeds are acquired by RATP. In accordance with the tax consolidation agreements signed with companies which were previously the parent company of a tax consolidation, for the year 2017, this income is partially returned to the consolidated company in such a way that the change in the scope of tax consolidation is neutral for the parent companies of a tax consolidation before 2016.

## 7.1 Income tax expense

	31/12/2017	31/12/2016
Current tax expense/income	(19,389)	(18,355)
Tax consolidation expense/income	8,966	10,833
Deferred tax expense/income	89,968	(20,529)
<b>TOTAL INCOME TAX EXPENSE/INCOME</b>	<b>79,546</b>	<b>(28,051)</b>

## 7.2 Deferred taxes

The Group records deferred taxes for all temporary differences between the carrying amount and taxable value of its assets and liabilities recognised in the consolidated financial statements, using the liability method. Deferred taxes are not recognised if the difference is generated by the initial recognition of an asset or liability in a transaction which is not a business combination, and which does not impact earnings, tax income or tax loss at the transaction date.

Deferred tax according to the liability method is measured using the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on the tax rates (and tax regulations) enacted or substantially enacted at the reporting date.

Deferred tax assets on temporary differences or carry-forwards are recognised insofar as it is probable that the temporary difference will be attributed to the realisation of a future taxable profit.

Deferred taxes are recognised for all temporary differences arising from equity investments in subsidiaries, affiliates and jointly-controlled entities, except if, with respect to the date of reversal of these temporary differences, the reversal is not expected to occur in the foreseeable future.

Deferred tax is calculated using each country's tax rate. For the Group tax proof, the theoretical tax rate at the date of the financial statements was 34.43%.

Taking into account the intrinsic characteristics of the French value-added business tax (CVAE), especially the capping system, the Group recognises this expense in operating income.

Changes in net deferred taxes are as follows:

	Deferred tax assets – gross	Non-recognised deferred tax assets	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
<b>As at 1 January 2017</b>	<b>4,861,612</b>	<b>(4,173,101)</b>	<b>688,511</b>	<b>(179,124)</b>	<b>509,387</b>
Tax recognised in the income statement	(224,490)	305,271	80,781	9,187	89,968
Tax recognised directly under other comprehensive income	(5,022)	2,405	(2,617)	(37)	(2,654)
Change in scope	(5)	0	(5)	1,792	1,787
Foreign currency translation differences	(3,873)	2,279	(1,594)	1,125	(469)
Other	(2,784)	2,107	(677)	866	189
<b>AS AT 31 DECEMBER 2017</b>	<b>4,625,438</b>	<b>(3,861,039)</b>	<b>764,399</b>	<b>(166,191)</b>	<b>598,208</b>

Deferred tax by nature is as follows:

	31/12/2017	31/12/2016
Deferred tax assets – income	709,301	146,132
Deferred tax assets – reserves	55,098	542,379
<b>Total deferred tax assets</b>	<b>764,399</b>	<b>688,511</b>
Deferred tax liabilities – income	163,947	176,753
Deferred tax liabilities – reserves	2,244	2,371
<b>Total deferred tax liabilities</b>	<b>166,191</b>	<b>179,124</b>
<b>NET DEFERRED TAXES</b>	<b>598,208</b>	<b>509,387</b>
Of which:		
• temporary accounting/tax differences	4,075,462	4,365,842
• revaluation surplus	(7,225)	(7,085)
• leases	(834)	(995)
• employee benefits	207,045	213,975
• hedging instruments	10,985	11,606
• regulated provisions	(45,049)	(29,896)
• tax loss carry forwards	3,915	3,224
• impairment on deferred tax assets	(3,644,751)	(4,047,036)
• other	(1,339)	(249)

As at 31 December 2017, the temporary differences of RATP resulting from the differences between:

- the carrying amount of the assets and their values in the opening balance sheet at 1 January 2016;
- the tax depreciation periods and the accounting depreciation periods;
- the tax and accounting treatment of the grants existing at 1 January 2016;

generate deferred tax assets over several decades.

As at 1 January 2016 and in accordance with IAS 12, for assessing this tax receivable, the RATP group assessed the recoverability of these deferred tax assets over a reasonable period of time, taking into account expected changes in the tax rate. A €537 million deferred tax asset receivable by equity was recognised.

The accounting treatment of this receivable, by equity, does not comply with the provisions of IAS 12 and the SIC 25 interpretation. However, it makes it easier to read the income statement for the financial year.

In 2016, this receivable was partially reversed based on its use, by the entry of a deferred tax expense amounting to €22 million.

At 31 December 2017, the receivable was updated as an income statement cross-entry taking into account:

- update of tax effects on the Finance Act of 2017 (change in tax rates, reclassification of the CICE, etc.) for +€78 million;
- discounting of expected net future income of +€44 million;
- reversal of receivables based on its use for –€38 million.

The net receivable amounts to €599 million at 31 December 2017.



## 7.3 Tax proof

	31/12/2017	31/12/2016
<b>Net income</b>	<b>347,859</b>	<b>178,208</b>
(–) Equity-accounted entities	(10,999)	7,531
(–) Income tax	79,546	(28,051)
Pre-tax consolidated income	279,312	198,728
Statutory tax rate in France	34.43%	34.43%
<b>Theoretical tax expense</b>	<b>(96,167)</b>	<b>(68,422)</b>
Effect of tax rates in foreign jurisdictions	5,303	882
Other permanent differences	4,276	(27,708)
Effect of tax rate differences	(2,066)	(239)
Effect of tax consolidation	8,966	10,833
Other current tax items	1,609	1,027
Recognition of tax effect of previously unrecognised tax losses and deferred taxes	282,321	157,547
Current-year losses for which no deferred tax asset is recognised	(124,696)	(101,971)
<b>Total tax expense</b>	<b>79,546</b>	<b>(28,051)</b>
<b>Effective tax rate</b>	<b>28.48%</b>	<b>– 14.12%</b>

## 8 — Goodwill

Goodwill is initially recognised in case of a business combination as described in Note 2.1.1.2.

Subsequent to initial measurement, goodwill is stated at cost less any impairment losses. Goodwill is not amortised but is tested for impairment at least once a year and when there is an indication of impairment.

In the event of loss of control over an associate, the gains or losses recognised take into account the carrying amount of goodwill allocated to the divested business.

Changes in goodwill per cash-generating unit were as follows:

	31/12/2015	Change in scope	Effects of exchange	Impairment	Reclassification	Other swaps	31/12/2016
France	78,857	10,525	–	–	–	(1,758)	87,624
Great Britain	109,350	–	(15,607)	–	–	–	93,743
Sightseeing	160,290	–	(8,465)	–	–	(729)	151,096
Other	21,728	–	439	–	–	–	22,167
<b>TOTAL</b>	<b>370,226</b>	<b>10,525</b>	<b>(23,633)</b>	<b>–</b>	<b>–</b>	<b>(2,487)</b>	<b>354,631</b>

	31/12/2016	Change in scope	Effects of exchange	Impairment	Reclassification	Other swaps	31/12/2017
France	87,624	(513)	–	–	–	–	87,111
Great Britain	93,743	–	(3,279)	–	–	–	90,465
Sightseeing	151,096	–	(1,778)	–	–	–	149,318
Other	22,167	–	(2,125)	–	–	–	20,042
<b>TOTAL</b>	<b>354,631</b>	<b>(513)</b>	<b>(7,182)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>346,936</b>

## 9 — Intangible assets

### Research and development costs

Development costs are recognised as fixed assets from the date on which management makes the investment decision if, and only if, the costs can be measured reliably and the Group can prove the technical feasibility of completing the intangible asset, the existence of likely future economic benefits and its intention as well as the availability of sufficient resources to complete the development and use the asset. Internal procedures ensure that records are available on the date management takes the investment decision.

Development costs are amortised over the useful lives of the associated assets.

### Intangible concession assets and other intangible assets

Other intangible assets are recorded in the balance sheet at their historical value. They are systematically amortised over their useful life, less impairment, where applicable.

This item essentially comprises the intangible concession assets reflecting the reversionary assets relating to RATP, recognised in accordance with IFRIC 12 – “Service concession arrangements” (see Notes 1.5 and 14).

Other intangible assets also comprise software that is amortised on a straight-line basis over three to ten years. Only specific development costs and configuration costs specific to the management systems deployed throughout RATP’s public service business are amortised over ten years.

	31/12/2015	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2016
<b>Gross value</b>							
Lease rights	5,909	261	(1)	0	(478)	0	5,691
Research and development costs	42	0	0	49	423	(48)	466
Concessions, patents and similar rights	472,887	2,137	(617)	56,085	168	(25)	530,635
Goodwill	2,507	0	(37)	37	(33)	0	2,474
Other intangible assets	53,302	261	0	1,442	(1,637)	0	53,367
Intangible concession assets	369,343	0	0	0	0	62,368	431,711
Other work in progress	103,183	82,269	0	(44,233)	27	0	141,246
<b>Total gross value</b>	<b>1,007,172</b>	<b>84,928</b>	<b>(655)</b>	<b>13,380</b>	<b>(1,530)</b>	<b>62,295</b>	<b>1,165,590</b>

	31/12/2015	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2016
<b>Accumulated amortisation and impairment</b>							
Lease rights	(1,851)	(101)	0	0	58	0	(1,894)
Research and development costs	(42)	(7,210)	0	0	(297)	7,170	(379)
Concessions, patents and similar rights	(359,333)	(41,061)	558	(109)	(124)	300	(399,770)
Goodwill	(889)	(53)	1	0	43	0	(898)
Other intangible assets	(23,445)	(8,696)	0	10	1,697	0	(30,434)
Intangible concession assets	(12,856)	0	0	0	0	(3,315)	(16,171)
<b>Total accumulated amortisation and impairment</b>	<b>(398,415)</b>	<b>(57,122)</b>	<b>559</b>	<b>(99)</b>	<b>1,376</b>	<b>4,155</b>	<b>(449,546)</b>
<b>Net value</b>	<b>608,757</b>	<b>27,806</b>	<b>(96)</b>	<b>13,281</b>	<b>(154)</b>	<b>66,450</b>	<b>716,044</b>





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	31/12/2016	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Gross value</b>							
Lease rights	5,691	0	0	(2,994)	(71)	0	2,626
Research and development costs	466	0	0	18,454	51	(18,393)	578
Concessions, patents and similar rights	530,635	2,220	(3,000)	71,118	(269)	(204)	600,500
Goodwill	2,474	0	0	(68)	(30)	0	2,376
Other intangible assets	53,367	713	(33)	652	(1,817)	0	52,882
Intangible concession assets	431,711	0	0	0	0	(40,619)	391,092
Other work in progress	141,246	96,712	(336)	(62,582)	(12)	0	175,029
<b>Total gross value</b>	<b>1,165,590</b>	<b>99,645</b>	<b>(3,369)</b>	<b>24,580</b>	<b>(2,147)</b>	<b>(59,216)</b>	<b>1,225,082</b>

	31/12/2016	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Accumulated amortisation and impairment</b>							
Lease rights	(1,894)	(34)	0	386	9	0	(1,533)
Research and development costs	(379)	(8,768)	0	0	(19)	8,669	(497)
Concessions, patents and similar rights	(399,770)	(49,417)	1,920	(29)	103	362	(446,831)
Goodwill	(898)	(33)	0	1	23	0	(908)
Other intangible assets	(30,434)	(6,436)	337	(621)	1,815	0	(35,339)
Intangible concession assets	(16,171)	0	0	0	0	(2,941)	(19,112)
<b>Total accumulated amortisation and impairment</b>	<b>(449,546)</b>	<b>(64,688)</b>	<b>2,257</b>	<b>(263)</b>	<b>1,931</b>	<b>6,090</b>	<b>(504,220)</b>
<b>Net value</b>	<b>716,044</b>	<b>34,958</b>	<b>(1,113)</b>	<b>24,316</b>	<b>(216)</b>	<b>(53,126)</b>	<b>720,863</b>

The impact of RATP's concession assets is explained in Note 14.

## 10 — Property, plant and equipment

As stated in Note 1.5, only RATP's fully-owned assets and the subsidiaries' property, plant and equipment are recorded in the consolidated balance sheet. They are first measured at acquisition or production cost, or at their fair value in the case of a business combination. They are subsequently carried net of accumulated depreciation and impairment losses.

In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on the frequency of its replacement or renovation.

Given the current contractual compensation arrangement between RATP and the Syndicat des transports d'Île-de-France (Note 3.1), the C2 contribution covers the costs of loans to finance investments. Consequently, RATP does not capitalise interest.

When property, plant and equipment are subject to decommissioning obligations, the estimated cost of this obligation is initially included in the acquisition cost to offset provisions (Note 25).

Straight-line depreciation is the most appropriate method in economic terms. The depreciation periods used by the Group are as follows:

Categories	Method	Term
Railway infrastructure major asset	Straight-line	70 to 140 years
Railway infrastructure component asset	Straight-line	15 to 60 years
Building shell and brickwork	Straight-line	70 to 100 years
Building fixtures and fittings	Straight-line	6.66 to 30 years
Tracks	Straight-line	12.5 to 50 years
Automated train operating system (SAET) and track signalling	Straight-line	5 to 35 years
Rolling stock (rail)	Straight-line	15 to 40 years
Road rolling stock	Straight-line	4 to 10 years
Plant equipment, fixtures and fittings	Straight-line	5 to 50 years
Other plant, property and equipment	Straight-line	3 to 15 years

The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

	31/12/2015	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2016
<b>Gross value</b>							
Land	536,368	27	(3,526)	31,172	(1,638)	0	562,402
Investment property	1,077	0	0	0	0	0	1,077
Buildings	8,809,301	1,349	(7,100)	266,972	(4,490)	(20,964)	9,045,069
Technical plant, equipment and industrial tooling	3,994,766	8,767	(39,014)	256,281	(1,198)	(32,380)	4,187,223
Transport equipment	1,766,410	45,889	(168,698)	743,935	(19,007)	(253,892)	2,114,638
Other plant, property and equipment	202,231	5,148	(3,815)	12,393	1,405	79	217,440
Work in progress	1,967,448	1,711,537	(303)	(1,376,467)	(276)	118,703	2,420,641
Investment grants	(8,117,116)	(821,509)	13,609	0	(13)	(1,975)	(8,927,004)
<b>Total gross value</b>	<b>9,160,485</b>	<b>951,208</b>	<b>(208,847)</b>	<b>(65,714)</b>	<b>(25,216)</b>	<b>(190,429)</b>	<b>9,621,486</b>



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	31/12/2015	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2016
<b>Accumulated depreciation and impairment</b>							
Land	1,715	(3,312)	3,251	(1,752)	0	599	501
Investment property	(817)	0	0	0	0	0	(817)
Buildings	(3,214,698)	(241,986)	13,658	(1,693)	763	22,284	(3,421,671)
Technical plant, equipment and industrial tooling	(2,395,840)	(229,013)	29,158	2,227	1,130	30,380	(2,561,957)
Transport equipment	(493,427)	(354,615)	161,714	551	14,013	106,438	(565,326)
Other plant, property and equipment	(134,129)	(26,939)	3,463	(157)	(843)	193	(158,413)
Fixed assets in progress	0	0	0	0	0	0	0
Investment grants	2,571,178	215,427	(1,906)	56,522	3	3,864	2,845,088
<b>Total accumulated depreciation and impairment</b>	<b>(3,666,018)</b>	<b>(640,438)</b>	<b>209,338</b>	<b>55,698</b>	<b>15,066</b>	<b>163,758</b>	<b>(3,862,595)</b>
<b>Net value</b>	<b>5,494,467</b>	<b>310,770</b>	<b>491</b>	<b>(10,016)</b>	<b>(10,150)</b>	<b>(26,671)</b>	<b>5,758,891</b>

	31/12/2016	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Gross value</b>							
Land	562,402	(1)	(452)	16,406	(559)	(7)	577,789
Investment property	1,077	0	0	0	0	0	1,077
Buildings	9,045,069	2,069	(22,162)	477,505	(6,428)	(223,681)	9,272,372
Technical plant, equipment and industrial tooling	4,187,223	9,055	(3,191)	317,197	(4,131)	(41,220)	4,464,933
Transport equipment	2,114,638	46,770	(141,678)	407,619	(36,345)	(120,605)	2,270,400
Other plant, property and equipment	217,440	3,671	(4,286)	(236)	(6,821)	(188)	209,581
Work in progress	2,420,641	1,474,270	(284)	(1,242,754)	(134)	313,998	2,965,737
Investment grants	(8,927,004)	(737,689)	10,560	18,832	337	0	(9,634,964)
<b>Total gross value</b>	<b>9,621,486</b>	<b>798,146</b>	<b>(161,492)</b>	<b>(5,430)</b>	<b>(54,082)</b>	<b>(71,703)</b>	<b>10,126,925</b>

	31/12/2016	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Accumulated depreciation and impairment</b>							
Land	501	(3,304)	2,707	0	0	247	151
Investment property	(817)	0	0	0	0	0	(817)
Buildings	(3,421,671)	(260,277)	16,948	(2,201)	3,010	31,212	(3,632,979)
Technical plant, equipment and industrial tooling	(2,561,957)	(227,722)	2,640	(1,545)	3,012	31,433	(2,754,139)
Transport equipment	(565,326)	(381,998)	118,723	(2,092)	23,992	158,596	(648,104)
Other plant, property and equipment	(158,413)	(15,508)	3,480	5,419	4,358	197	(160,468)
Fixed assets in progress	0	0	0	0	0	0	0
Investment grants	2,845,088	(2,302)	251,339	0	0	3,143	3,097,268
<b>Total accumulated depreciation and impairment</b>	<b>(3,862,595)</b>	<b>(891,112)</b>	<b>395,837</b>	<b>(419)</b>	<b>34,373</b>	<b>224,828</b>	<b>(4,099,088)</b>
<b>Net value</b>	<b>5,758,891</b>	<b>(92,966)</b>	<b>234,345</b>	<b>(5,849)</b>	<b>(19,709)</b>	<b>153,125</b>	<b>6,027,837</b>

The impact of RATP's concession assets is explained in Note 14.

Work in progress mainly covers projects relating to metro line extensions.

Commitments relating to acquisitions of property, plant and equipment are presented in Note 34.1.

The contract between the Syndicat des transports d'Île-de-France and RATP provides for penalties in case of failure to meet the investment plan requirements. According to RATP, on the whole, since the beginning of the contract, the contractual clauses of the investment program have been respected.

As at 31 December 2017, there were no assets pledged or used as collateral.

## 11 — Investment grants

Grants are recognised if there is reasonable assurance that the Group will meet grant conditions and the grant will be received.

Grants are allocated to particular assets and are presented as a deduction in those assets. They are transferred to the income statement over the useful life of the assets as asset depreciation is recorded.

The special interest rate obtained on loans granted by the Île-de-France region is presented in the same way as other investment grants.

Property, plant and equipment held under finance leases is shown below:

	31/12/2017	31/12/2016
Gross value	76,571	77,107
Accumulated depreciation	38,705	34,980
<b>NET CARRYING AMOUNT</b>	<b>37,866</b>	<b>42,127</b>

### Lease commitments

Balance sheet item	Lease payments		Outstanding lease payments			Residual price
	for year	accumulated	up to 1 year	+1 to 5 years	+5 years	
Land					2,840	
Buildings	2,460	16,818	2,752	15,451	12,998	2,287
Transport equipment	3,192	31,016	2,287	4,158		
Other plant, property and equipment	147	329	0	438		
<b>TOTAL</b>	<b>5,799</b>	<b>48,163</b>	<b>5,039</b>	<b>20,047</b>	<b>15,838</b>	<b>2,287</b>

Loans and borrowings corresponding to these assets are presented in Note 26.

## 12 — Leases

### 12.1 Operating leases

Operating lease payments are expensed in the income statement on a straight-line basis over the duration of the lease.

Lease payments of €84,802 thousand were recognised in the income statement for operating leases.

### 12.2 Finance leases

Leases are classified as finance leases when in essence, the terms of the lease transfer almost all of the risks and rewards of ownership of the underlying asset to the lessee. Assets held under finance leases are initially recognised as assets, with an offsetting entry under liabilities, at their fair value or, if lower, at the present value of the future minimum lease payments. Subsequently, the lease payments are accounted for as repayments of the liability and are broken down into repayment of principal and interest based on the rate specified in the lease or the discount rate used to measure the outstanding liability.

The Group mainly uses finance leases for its buildings and rolling stock.



## 13 — Significant lease operations

### 13.1 American leasehold

Between 1997 and 2002, RATP entered into a number of leaseholds. In this context, RATP granted the right to use its assets through arrangements that enable foreign investors in the United States to assume economic ownership of the assets, which allows them to depreciate the assets and benefit from tax breaks. This financial gain is shared between the investor and RATP.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. In economic and accounting terms, no transfer takes place and RATP retains the main risks and rewards of ownership of the equipment. RATP has an Early buyout option (EBO) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease. The arrangement includes deposits set up for guaranteeing payment for this option.

The various contracts that make up each leasehold arrangement are recognised as constituting separate transactions under SIC 27 and are accounted for as such. As the assets (including deposits) and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement, the overall gain generated by each transaction is reported in a single line as Net present value (NPV). The gain is recorded as deferred income when the contracts are signed and then is recognised as financial income on a straight-line basis over the term of the lease. The gross amount of assets recognised was €560 million and liabilities €564 million. These amounts are offset by €560 million, and therefore the net balance recognised was €4 million.

As at 31 December 2017, there were seven agreements outstanding with two investors: Bank of America and State Street.

The risks assumed by RATP are limited to equipment ownership risk and counterparty risk on the deposits. Counterparty risk is managed:

- by defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totaled €87.4 million at 31 December 2017; or
- through collateral agreements, which require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a certain threshold. The balance of the corresponding deposits totaled €41.3 million at 31 December 2017; or
- directly through American treasury bonds: the balance of these deposits totaled €60.6 million at 31 December 2017.

Furthermore, the US dollar deposits remaining after the early termination of the arrangements between 2007 and 2009 are no longer offset and are thus recognised in the balance sheet under “Other financial assets” (see Note 19).

### 13.2 Swedish lease

The Swedish lease agreement is effective in the period prior to equipment delivery. The investor pays the supplier the total value of the equipment, as from the beginning of the agreement. RATP leases the equipment over an eighteen-year period, at the end of which it may exercise its buyback option. The assets financed through the Swedish lease agreement are recognised under the consolidated balance sheet assets.

These arrangements enabled RATP to realise a financial gain when the contract was signed. This gain was deducted from the acquisition cost of the equipment and is recognised as income in proportion to the assets’ depreciation.

## 14 — Service concession arrangements

Service concession arrangements fall within the scope of IFRIC 12 – “Service concession arrangements” if the concession assets are controlled by the grantor. The grantor effectively controls these assets if the following two conditions are met:

- the grantor controls or regulates which services must be provided with the concession assets, and determines to whom these services must be provided and at what price;
- the grantor controls the concession assets, which means having the right to any residual interest in these assets at the end of the arrangement.

Under IFRIC 12, the concession assets used may not be recognised as property, plant and equipment by the operator, but as an intangible asset (“intangible asset model”) and/or as a financial asset (“financial asset model”), depending on the remuneration agreed with the grantor.

### Financial asset model

For service concessions, a financial asset is recognised when the operator has an unconditional contractual right to receive a determined amount from the grantor. Financial assets arising from the application of IFRIC 12 are recognised under “Financial concession assets” in the consolidated balance sheet. They are recognised at amortised cost. The consideration receivable is recognised in revenue.

### Intangible assets model

The intangible asset model applies if the operator has the right to charge users of a public service.

### Hybrid model

When only part of the investment is subject to a payment commitment from the grantor, the amount guaranteed by the grantor is recognised as a financial asset, and the remaining value is recognised as an intangible asset according to the hybrid model.

The RATP group considers that the operating agreements for RATP's transport services in Île-de-France, including the multi-year agreement entered into with the Syndicat des transports d'Île-de-France, and certain agreements with RATP Dev's transport subsidiaries, should be accounted for under IFRIC 12. To this effect, the concession assets cannot be recorded in the Group's balance sheet as property, plant and equipment.

The Syndicat des transports d'Île-de-France 2016-2020 agreements fall under the field of application of IFRIC 12 as:

- the services rendered correspond to a public service mission;
- the Syndicat des transports d'Île-de-France determines what transport services must be provided and the pricing policy;
- the assets necessary for operations are returnable and reversionary (concession) assets, and the Syndicat des transports d'Île-de-France controls a significant residual interest in these assets at the end of the concession period:
  - for rolling stock and related maintenance equipment classified as returnable assets, when the operating rights expire, the Syndicat des transports d'Île-de-France will repurchase the assets at their carrying amount net of grants, corresponding to the amount reported in the financial statements where the assets are recognised under property, plant and equipment,
  - for assets necessary for operations (such as bus stations, etc.) classified as reversionary (concession) assets, the Syndicat des transports d'Île-de-France can exercise a buyback option when the operating rights expire.

Contributions paid by the Syndicat des transports d'Île-de-France to RATP include the C2 contribution to fund investments. The contribution covers the cost of capital employed, including interest expense and net depreciation expense. This financing mechanism grants RATP financial receivables corresponding to the decreased carrying amount, net of grants, returnable assets at the date of the closing of accounts, and the reimbursement of depreciation and amortisation expenses for reversionary assets until the end of the current agreement with the Syndicat des transports d'Île-de-France. The portion of contribution covering returnable and reversionary assets is dedicated to the compensation and reimbursement of financial receivables.

The financial receivables relating to returnable assets are recovered by paying the portion of C2 contribution covering the depreciation and amortisation expenses and payment of the carrying amount

The carrying amount of the financial concession assets as at 31 December 2017 is:

	31/12/2017	31/12/2016
Gross amount	3,795,775	3,899,597
Impairment	0	0
<b>Financial concession assets – non-current</b>	<b>3,795,775</b>	<b>3,899,597</b>
Gross amount	285,982	277,861
Impairment	0	0
<b>Financial concession assets – current</b>	<b>285,982</b>	<b>277,861</b>

when the operating rights expire, based on the amounts reported in the financial statements. The financial asset model is applied to returnable assets insofar as RATP has an unconditional right to receive cash from the Syndicat des transports d'Île-de-France until the end of the concession period, regardless of user traffic.

For reversionary concession assets, the receivables recognised as financial assets reflect the reimbursement of depreciation and amortisation expenses, based on the amounts reported in the financial statements until 2020, which is the expiry date of the agreement with the Syndicat des transports d'Île-de-France, during which RATP has an unconditional right to receive cash from the Syndicat des transports d'Île-de-France for the 2016-2020 period. The share of the residual carrying amount of the reversionary public concession assets, which was not recognised as a receivable in accordance with IFRIC 12, is recognised under intangible assets.

Their useful lives correspond to those applied by the Group for similar property, plant and equipment and intangible assets (Note 10).

The portion of the financial receivable due within one year was recognised as "Current financial concession assets", and the portion that is due later than one year was recognised as "Non-current financial concession assets".

Pursuant to IAS 39, receivables relating to financial concession assets are measured at amortised cost and impaired if the carrying amount is higher than the present value of the discounted future cash flows.

The remuneration of this financial asset is included in revenue.

Pursuant to IAS 18 "Revenue", acquisitions of returnable assets are accounted for as purchase transactions in the period recognised under cost of sales. The grantor accounts for them as sales recognised under revenue from ordinary activities.

At the subsidiary level, the receivables recognised as financial assets reflect the reimbursement of depreciation and amortisation expenses, based on the amounts reported in the financial statements until the expiry date of the current agreements. During this period, RATP has an unconditional right to receive cash from the transport authority. At the end of the concession period, the transport authority shall have the right to exercise its reversionary option (see Note 1.5). Consequently, the residual carrying amount of the reversionary public concession assets at the expiry date of the present agreements is recognised under intangible assets.





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The effect of applying IFRIC 12 on the income statement for financial year 2017 is as follows:

	31/12/2017 prior to IFRIC 12	Cancelled depreciation and amortisation <sup>(1)</sup>	Cancelled C2 contribution <sup>(2)</sup>	Compensation of concession financial assets <sup>(3)</sup>	Purchase/sale transactions <sup>(4)</sup>	31/12/2017 after IFRIC 12
Revenue	5,802,440		(432,766)	116,810		5,486,483
Other income from ordinary activities	98,889				189,683	288,572
<b>Revenue</b>	<b>5,901,329</b>	<b>–</b>	<b>(432,766)</b>	<b>116,810</b>	<b>189,683</b>	<b>5,775,056</b>
Cost of sales	(381,350)				(189,683)	(571,033)
Other purchases and external charges	(874,765)					(874,765)
Tax, duties and other payables	(273,556)					(273,556)
Payroll costs	(3,179,735)					(3,179,735)
Other operating expenses	(59,297)					(59,297)
<b>EBITDA</b>	<b>1,132,627</b>	<b>–</b>	<b>(432,766)</b>	<b>116,810</b>	<b>–</b>	<b>816,670</b>
Depreciation/amortisation	(696,914)	315,956				(380,958)
Provisions, net	11,886					11,886
Gain on disposal of assets	2,170					2,170
Gain/(loss) on other consolidation scope changes	3,834					3,834
Impairment	0					0
Other operating income (expenses)	835					835
Income from equity-accounted associates	(10,999)					(10,999)
<b>Operating income (EBIT)</b>	<b>443,438</b>	<b>315,956</b>	<b>(432,766)</b>	<b>116,810</b>	<b>–</b>	<b>443,438</b>
Of which EPIC returns		276,152	(389,898)	113,746	(189,683)	
Of which EPIC reversals		37,421	(40,485)	3,064		
Of which Subsidiaries		2,383	(2,383)	–	–	

(1) The concession assets recognised under assets on the consolidated balance sheet consist of property, plant and equipment and intangible assets recorded in the separate financial statements. Thus, they do not generate any depreciation in the income statement of the RATP group.

(2) Pursuant to IFRIC 12, the contribution paid to fund concession assets is not recognised in the income statement (excluding compensation of the receivable). The contribution reduces the amount of financial concession assets.

(3) Financial concession assets are remunerated at the rate set in the Syndicat des transports d'Île-de-France agreement.

(4) The expenses incurred by RATP for investments in returnable assets are recognised in the income statement and transferred to the Syndicat des transports d'Île-de-France as they are capitalised. RATP is responsible for all relations with manufacturers and suppliers.

## 15 — Asset impairment tests

### Impairment of cash-generating units (CGUs)

The assets to be tested for impairment are combined in cash-generating units (CGUs).

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 CGUs defined for RATP correspond to Infrastructure management (IM) and Transport operations (TO) activities (see Note 32).

The other CGUs are defined at subsidiary level in terms of the business or geographical area: France/Switzerland, Italy, USA, United Kingdom, Asia and Sightseeing. These CGUs are included in the Transport operations operating segment.

An impairment test is carried out:

- annually on all CGUs containing goodwill or other intangible assets with indefinite useful lives; or
- when there is an indication of impairment.

For impairment testing, the carrying amount of the CGU is compared to its recoverable value. The recoverable value of a CGU is the higher of its fair value less costs to sell and its value in use. In the event of impairment, an impairment loss is recognised in operating income. Impairment losses on goodwill cannot be reversed.

Value in use is determined by discounting the CGU's expected future cash flows using an appropriate discount rate based on the nature of the business, and taking into consideration its residual value.

## Impairment of other non-financial assets

For all non-financial assets, impairment testing is performed whenever there is an indication of impairment. The carrying amount of the non-financial asset is compared to its recoverable value, which is defined as the higher of the selling price, less costs to sell, and its value in use.

### 15.1 RATP's cash-generating units (CGUs)

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the compensation arrangements for infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

The effects of the government CSG measures on the EBITDA, with the relevant wage compensation, and transformation of the CICE as reduction in social security contributions, led to the implementation of impairment tests for RATP's CGUs (cash-generating units) Infrastructure management and Transport operations. The tests were carried out based on the value of the assets as at 1 January 2017. The allocation of these asset values between Infrastructure management and Transport operations was done according to the legal and regulatory provisions applicable to RATP.

The carrying amount of the assets tested in each CGU includes:

- fixed assets (depreciable property, plant and equipment and amortisable intangible assets) net of grants;

- intangible assets and financial assets recognised under IFRIC 12;
- working capital requirements.

As these activities were created by RATP, the CGUs do not have any goodwill, or intangible assets with indefinite useful lives.

## Main assumptions used to determine recoverable value

The recoverable value of the assets corresponds to the value in use, which is determined on the basis of the following assumptions:

- for 2017-2020:
  - for Transport operations and Infrastructure management, the flows were estimated on the basis of RATP's business plan approved by the French State and based on the financial provisions of the agreement between the Syndicat des transports d'Île-de-France and RATP for 2016-2020, discounted as required by changes to interest rates,
  - furthermore, for Infrastructure management, note that revenue is allocated in accordance with the lease, on a flat-rate basis;
- beyond 2020:
  - RATP has renewed the current contract indefinitely, without taking into account the competition,
  - for TO, investment assumptions specific to rolling stock were accounted for until the return of the returnable (concession) assets to the Syndicat des transports d'Île-de-France,
  - for IM, the standard investment for renewal is estimated at €305 million,
  - finally, the corporate income tax savings were allocated only to IM.

Terminal values were calculated based on normative cash flows determined at the end of the period specified in the plan and projected to infinity on the basis of a perpetual growth rate corresponding to the long-term estimated inflation rate. Concerning Transport operations, cash flows are projected until the end of the operating rights by estimating corresponding terminal values for each expiry date of the operating rights.

	CGUs	
	Infrastructure management	Transport operations
Method for determining the recoverable value	Value in use	Value in use
		Discount rate specific to rolling stock: 3.7%
Discount rate	4.8%	Discount rate for the other fully-owned assets and reversionary (concession) assets: 5.4%
Terminal growth rate	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was adopted for Transport operations rolling stock (returnable [concession] assets) given the compensation arrangements for these assets, *i.e.* 3.7%. For other assets used in Transport operations (fully-owned and reversionary [concession] assets), a discount rate of 5.4% was applied, in line with the rates used by the panel.

## Results of the impairment tests

The impairment tests performed on the Infrastructure management and Transport operations CGUs did not reveal any impairment losses. Consequently, no impairment losses were recognised in the consolidated financial statements for the financial year.



## Sensitivity of recoverable value

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested at their value in IFRS:

- a +0.25% change in discount rate for the Infrastructure management CGU and +0.23% for the Transport operations CGU would bring into line the recoverable value and net carrying amount of each CGU;
- a –0.28% change in terminal growth rate for the Infrastructure management CGU and –0.14% for the Transport operations CGU would bring into line the recoverable value and net carrying amount of each CGU;
- a change of +€16 million in investment renewals for the Infrastructure management CGU and –€10 million for the Transport operations CGU would bring into line the recoverable value and net carrying amount of the CGU.

## 15.2 RATP DEV cash-generating units (CGUs)

Impairment tests were performed on the other existing CGUs at 31 December 2017.

The other CGUs are defined at the level of the geographical area (France/Switzerland, Italy, USA, United Kingdom and Asia) as well as a specific activity for the Sightseeing business. These CGUs are included in the Transport operations operating segment.

The recoverable value of the principal CGUs was determined on the basis of the following key assumptions:

	CGUs			
	France/Switzerland	United Kingdom	USA	Sightseeing
Method for determining the recoverable value	Value in use	Value in use	Value in use	Value in use
Discount rate	5.6%	5.4%	5.8%	6.5%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with activities similar to those of the Group, by estimating risk-free payments specific to each country, and a specific risk premium for the Sightseeing activity.

The impairment tests performed did not reveal any impairment losses on the CGUs defined above.

## Sensitivity of recoverable value

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested at their value in IFRS:

- a +5.5% change in discount rate for the France-Switzerland CGU, 9.6% for the USA CGU, 1.5% for the Sightseeing CGU and +7.4% for the United Kingdom-South Africa CGU would bring into line the recoverable value and net carrying amount of each CGU;
- a –1.8% change in terminal growth rate for the Sightseeing CGU would bring into line the recoverable value and net carrying amount of the CGU.

During the year, no other event was likely to have an impact on the goodwill values recorded after the impairment tests performed on the CGUs.

## 16 — Interest in the subsidiaries

The list of fully-consolidated RATP subsidiaries is supplied in Note 38. As regards the individual contribution of these subsidiaries in the Group's financial statements, none is considered materially significant (contributions individually less than 10% of revenue). The largest of them represents less than 5% of revenue. The share of non-controlling interests in the financial statements is not significant either.

Given the weak individual importance of shares in the subsidiaries, the Group deems that it is not exposed to specific risks per entity that could have a significant impact on the financial statements.

## 17 — Equity-accounted investments

### 17.1 Investments in equity-accounted entities

Equity-accounted investments comprise associates and joint ventures. The shares in these entities are analyzed as follows:

	31/12/2017				31/12/2016			
	% interest	Equity-accounted investments	Of which share of net income	Of which share of other items of comprehensive income	% interest	Equity-accounted investments	Of which share of net income	Of which share of other items of comprehensive income
Group companies	41.92	93,715	(6,257)	(1,930)	41.92	104,527	4,744	99
Systra group								
Other associates		8,949	641	130		7,573	759	(31)
Joint ventures		20,605	(5,383)	(3,624)		27,426	2,028	677
<b>TOTAL</b>		<b>123,269</b>	<b>(10,999)</b>	<b>(5,424)</b>		<b>139,526</b>	<b>7,531</b>	<b>745</b>

### 17.2 Major joint ventures and associates

Among equity-accounted associates, Systra is considered to be a significant associate.

Systra is a consulting and engineering group operating in the sector of public rail transport. It has approximately 30 subsidiaries and 20 branches worldwide.

#### Statement of financial position – Systra

	31/12/2017	31/12/2016
Non-current assets	205,293	190,472
Current assets	497,617	510,752
Non-current liabilities	113,356	103,919
Current liabilities	425,603	407,498
<b>NET ASSETS (100%)</b>	<b>163,951</b>	<b>189,807</b>
Percentage of equity holding	41.9	41.9
<b>Group share in net assets</b>	<b>67,486</b>	<b>78,299</b>
Goodwill	26,228	26,228
<b>EQUITY VALUE</b>	<b>93,714</b>	<b>104,527</b>

#### Income statement – Systra

	31/12/2017	31/12/2016
Revenue	600,209	610,596
Net income (100%)	(14,925)	11,316
<b>Group share in net income</b>	<b>(6,257)</b>	<b>4,744</b>
Other comprehensive income	(1,930)	99

The other joint ventures and associates are not individually significant. These entities are essentially bus, tramway and/or metro network operating businesses, similar to those of fully-consolidated entities.



## 18 — Available-for-sale financial assets

Available-for-sale (AFS) financial assets primarily consist of unconsolidated investments or shares in UCITS funds, which are not defined as cash and cash equivalents, and assets that do not meet the definition of other financial assets.

They are measured at fair value. Subsequent changes in fair value are recognised in other comprehensive income under equity until their disposal. However, if there is an indication of a significant or lasting impairment of an AFS asset, the accumulated impairment loss is recognised in the income statement. If there is an improvement in the value following an impairment loss and it relates to equity instruments, it is recognised under other comprehensive income.

If fair value cannot be determined reliably for unlisted securities, the fair values are stated at cost less any impairment losses.

	31/12/2016					
	Financial assets as at 01/01/2016	Increase	Decrease	Currency translation gains and losses	Other swaps	Financial assets as at 31/12/2016
Total gross value	49,210	25	(1,421)	(22)	(2,329)	45,462
Impairment	(10,063)	(1,220)	1,220	0	0	(10,063)
<b>TOTAL NET VALUE</b>	<b>39,147</b>	<b>(1,195)</b>	<b>(201)</b>	<b>(22)</b>	<b>(2,329)</b>	<b>35,399</b>

	31/12/2017					
	Financial assets as at 01/01/2017	Increase	Decrease	Currency translation gains and losses	Other swaps	Financial assets as at 31/12/2017
Total gross value	45,462	3,873	(635)	598	(1,621)	47,677
Impairment	(10,063)	12	0	0	5	(10,046)
<b>TOTAL NET VALUE</b>	<b>35,399</b>	<b>3,885</b>	<b>(635)</b>	<b>598</b>	<b>(1,616)</b>	<b>37,631</b>

Available-for-sale financial assets primarily comprise non-consolidated investments. Impairment losses reflect impairment, when the value of the investments is significantly less than their carrying amount or less than their carrying amount for extended periods.

Available-for-sale financial assets relate to the following:

	Net value	% interest
SA HLM Logis-Transports <sup>(1)</sup>	33,126	99
Irise	750	10
RATP via Quatro	572	1
Linea <sup>(2)</sup>	826	33
Paris Sacly Seed Fund	2,000	4
Klaxit	1,000	15
Other <sup>(3)</sup>	4,600	
<b>TOTAL</b>	<b>42,874</b>	

(1) SA HLM Logis-Transports is excluded from the scope of consolidation for the reasons mentioned in Note 2.1. Financial data at 31 December 2016 for SA HLM Logis-Transports: revenue: €63,382 thousand in 2016; total balance sheet = €853,593 thousand, of which €380 million in net debt; net income: €8,034 thousand.

(2) RATP holds shares in this company (any dividends received are recorded by Autolinee), but does not exercise any influence over management. Linea operates another intercity network in Florence and is the partner of Autolinee in the business combination that was awarded the contracts.

(3) The amount includes €3,456 thousand under IFRS 5 "Activities held for sale".

## 19 — Other financial assets

Other financial assets mainly consist of receivables relating to subsidiaries and affiliated companies, loans and security deposits.

These financial assets are initially measured at fair value, then at amortised cost using the effective interest rate method.

Impairment tests are performed when there is an indication that the present value of the flows using the initial effective interest rate is lower than the carrying amount. Impairment is recorded in the income statement.

### 19.1 Other non-current financial assets

	31/12/2015	Increase	Decrease	Currency translation gains and losses	Other swaps	31/12/2016
Deposits relating to leases	330,565	11,255	(78,842)	0	15,187	278,165
Fair value deposits	134,295	0	(1,266)	0	5,013	138,042
Housing loans	34,381	0	(1)	0	(3,251)	31,129
Other loans and receivables	19,459	18,848	(16,328)	10	(6,043)	15,945
<b>Other non-current financial assets</b>	<b>518,700</b>	<b>30,103</b>	<b>(96,437)</b>	<b>10</b>	<b>10,906</b>	<b>463,281</b>
Provisions for other financial assets	(139)	(18)	30	0	0	(127)
<b>Other non-current financial assets</b>	<b>518,561</b>	<b>30,085</b>	<b>(96,407)</b>	<b>10</b>	<b>10,906</b>	<b>463,154</b>

	31/12/2016	Increase	Decrease	Currency translation gains and losses	Other swaps	31/12/2017
Deposits relating to leases	278,165		(75,227)	0	27,968	230,906
Fair value deposits	138,042	0	(40,282)	0	(21,907)	75,853
Housing loans	31,129	0	0	0	(3,516)	27,613
Other loans and receivables	15,945	6,733	(10,582)	(155)	5,361	17,303
<b>Other non-current financial assets</b>	<b>463,281</b>	<b>6,733</b>	<b>(126,091)</b>	<b>(155)</b>	<b>7,906</b>	<b>351,675</b>
Provisions for other financial assets	(127)	0	36	0	0	(91)
<b>Other non-current financial assets</b>	<b>463,154</b>	<b>6,733</b>	<b>(126,055)</b>	<b>(155)</b>	<b>7,906</b>	<b>351,584</b>

Deposits relating to leases (at amortised cost) concern contracts terminated before expiry of the lease period. They are allocated to the borrowings for lease terminations under loans and borrowings (Note 26.2).

Loans mainly correspond to the housing loans granted by RATP to low-cost housing management companies (CIL).

### 19.2 Other financial assets – current

	31/12/2016				
	31/12/2015	Increase/decrease	Currency translation gains and losses	Other swaps	31/12/2016
Dividends receivable	0	4	0	0	4
Housing loans	5,842	0	0	(892)	4,950
Deposits relating to leases	70,800	0	0	(20,725)	50,075
Other loans, deposits and guarantees	427	169	16	(41)	569
Cash collateral relating to leases	378,800	(36,600)	0	0	342,200
Other investments – current	0	32,159	0	10,008	42,167
<b>OTHER FINANCIAL ASSETS – CURRENT</b>	<b>455,869</b>	<b>(4,268)</b>	<b>16</b>	<b>(11,650)</b>	<b>439,965</b>





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	31/12/2017				
	31/12/2016	Increase/decrease	Currency translation gains and losses	Other swaps	31/12/2017
Dividends receivable	4	(6)	0	6	4
Housing loans	4,950	0	0	21	4,971
Deposits relating to leases	50,075	0	0	(28,778)	21,297
Other loans, deposits and guarantees	569	496	(61)	0	1,004
Cash collateral relating to leases	342,200	(96,800)	0	0	245,400
Other investments – current	42,167	123,643	0	0	165,810
<b>OTHER FINANCIAL ASSETS – CURRENT</b>	<b>439,965</b>	<b>27,333</b>	<b>(61)</b>	<b>(28,751)</b>	<b>438,486</b>

The cash collateral corresponds to the amounts paid as guarantee for loans related to lease terminations found under loans and borrowings (Note 26.2).

## 20 — Inventories

Inventories and assets under production are measured at the lower of cost (including associated transaction costs) and net realisable value. Cost is calculated using the weighted average cost method.

Impairment is recorded where the cost is greater than the net realisable value.

### 20.1 Details of inventories by type

	31/12/2017			31/12/2016		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	250,804	(51,140)	199,664	248,049	(50,572)	197,476
Other supplies	657	0	657	890	0	890
Work in progress	7,126	0	7,126	7,218	0	7,218
Merchandise	381	0	381	403	0	403
Finished goods	2,726	(118)	2,608	2,842	(117)	2,725
<b>TOTAL</b>	<b>261,694</b>	<b>(51,258)</b>	<b>210,436</b>	<b>259,401</b>	<b>(50,689)</b>	<b>208,712</b>

### 20.2 Changes in inventory impairment losses

	31/12/2016	Additions	Reversals	Foreign currency translation differences	Other and reclassification	31/12/2017
Impairment of inventories	(50,572)	(6,117)	5,547	3	0	(51,140)
Impairment of work in progress	(117)	(142)	141	0	0	(118)
Impairment of inventories of merchandise	0	0	0	0	0	0
<b>TOTAL</b>	<b>(50,689)</b>	<b>(6,259)</b>	<b>5,688</b>	<b>3</b>	<b>0</b>	<b>(51,258)</b>

## 21 — Operating receivables

Trade and other receivables are recorded at fair value, which equates to their face value, as the effect of discounting is not material for assets that are due within one year.

Impairment is recorded if there is risk of non-recovery, to reduce the carrying amount to probable realisable value.

	31/12/2017	31/12/2016
Trade receivables	282,502	283,957
Impairment of trade receivables	(9,949)	(8,701)
<b>Trade receivables</b>	<b>272,554</b>	<b>275,256</b>
Advance payments	4,839	4,193
Prepaid expenses	49,686	50,631
State and local authority receivables	250,607	253,024
Investment grants receivable	260,200	335,964
Other receivables	165,767	125,539
Income tax receivables	24,144	76,362
Impairment of other receivables	(6,185)	(8,619)
<b>Other receivables</b>	<b>749,057</b>	<b>837,094</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,021,611</b>	<b>1,112,351</b>

	31/12/2017	31/12/2016
Impairment of trade receivables, at beginning of year	(8,701)	(8,613)
Write-downs during the period	(2,637)	(2,538)
Reclassification	(1,556)	1,158
Used reversals	2,945	1,291
<b>IMPAIRMENT OF TRADE RECEIVABLES, AT THE END OF THE YEAR</b>	<b>(9,949)</b>	<b>(8,701)</b>

All accounts receivable are due within one year.

## 22 — Cash and cash equivalents

The line item “Cash and cash equivalents” includes bank accounts, liquid investments and cash equivalents.

Cash equivalents comprise risk-free investments, which can almost immediately be converted into cash and with negligible risk of change in value. They are held exclusively to meet the Group’s short-term cash requirements.

They include:

- negotiable instruments that are measured at their nominal value, as justified by their maturity date (less than three months) and credit risk level;
- shares in short-term money market UCITS investments, which are measured at net asset value at the reporting date;
- long-term deposits redeemable with no risk to invested capital, measured at their nominal value;
- collateral deposits.

	31/12/2017	31/12/2016
Marketable securities	759,781	619,420
Cash and cash equivalents	383,305	400,993
<b>TOTAL</b>	<b>1,143,086</b>	<b>1,020,413</b>

Total cash and cash equivalents presented in the cash flow statement comprise the following:

	31/12/2017	31/12/2016
Cash and cash equivalents (balance sheet)	1,143,086	1,020,413
Bank overdrafts	(119,072)	(158,596)
<b>Closing cash and cash equivalents (cash flow statement)</b>	<b>1,024,015</b>	<b>861,817</b>



## 23 — Equity

### 23.1 Capital endowment

RATP was formed by the act of 21 March 1948. In 1986, the public authorities allocated a capital endowment to RATP, partially in exchange for the early repayment of the loans previously granted to it by the Economic and social development fund. The amount allocated was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.

### 23.2 Liabilities reserve for assets allocated to

The equity contra-account entitled “Reserve for assets allocated to RATP” shown in liabilities essentially reflects the residual value at 1 January 1949 – when RATP was created – of the assets provided for use by RATP at that time and that remained on the balance sheet at 31 December 1976.

## 24 — Provisions for employee benefits

Provisions for employee benefits comprise post-employment benefits and other long-term benefits.

	31/12/2017	31/12/2016
Provisions for retirement benefits	304,996	313,164
Provisions for death indemnities for retirees	40,232	41,526
Provisions for death indemnities for employees in service	16,382	16,270
Provisions for early retirement benefits	2,839	3,253
Provisions for work-related accident and disability pensions	303,277	296,446
Provision for retirement benefits of foreign subsidiaries	10,681	27,655
<b>Total post-employment benefits</b>	<b>678,407</b>	<b>698,314</b>
Provisions for phased retirement	204	617
Provisions for seniority bonuses	28,392	27,806
Provisions for long-term sick leave	3,086	2,328
Provisions for unemployment benefit	8,702	7,500
Provisions for work-related accident and disability pensions	22,612	22,034
Other provisions for long-term benefits	1,000	3,500
<b>Total long-term benefits</b>	<b>63,994</b>	<b>63,784</b>
<b>TOTAL</b>	<b>742,401</b>	<b>762,098</b>

## 24.1 Post-employment benefits

The net liability recorded in the balance sheet for post-employment benefit obligations corresponds to the present value of the defined benefit obligation at the reporting date. The present value of the obligation, as well as the cost of past services is calculated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods in the same way as rights are acquired under the plan or on a straight-line basis when the rhythm of acquisition of the rights is not uniform and would significantly defer recognition of a provision for the obligation.

The amount of future payments for employee benefits is assessed using assumptions such as salary increase rate, retirement age, number of years' service to date and mortality tables. They are discounted to their present value using a discount rate specific to each geographic area and currency, namely:

- the Bloomberg fifteen-year eurobond composite rate for companies with an AA rating (for the eurozone);
- AA rated sterling-denominated corporate bonds (for UK companies).

Remeasurement of the net liability under post-employment benefit schemes (including changes in the liability and the financial assets due to changes in assumptions and experience adjustments) are recognised in "Other comprehensive income". They may not be recycled through profit or loss.

Any effects of plan changes (gains or losses) are immediately recognised in profit or loss.

### 24.1.1 Description of the various post-employment benefit schemes

#### Retirement benefits

Employees are entitled to RATP retirement benefits, unless a more favorable scheme is in place. The amount of the benefit is based on the length of time the employee has been employed by the company. RATP pays retirement benefits to all its employees that fulfill the vesting conditions. Benefits are calculated on the basis of gross monthly compensation and a coefficient to reflect the employee's hierarchical status at the retirement date. The coefficient reflects the number of annuities vested at the retirement date and is set by current employment agreements.

#### Death indemnities for retirees

RATP shall make immediate payments of death indemnities to beneficiaries of retirees in a seniority-based retirement or proportional pension scheme. The amount of the indemnity is calculated at the time of death, at three times the monthly pension payment. The obligation is measured based on historical data.

#### Death indemnities for current employees

As for the State social security scheme, RATP's social security system provides life insurance coverage. The purpose of life insurance is to guarantee the payment of a "death indemnity" when a person covered by the policy dies. The amount is equal to twelve months of the employee's salary at the time of death. The purpose of the indemnity is to compensate the deceased's family for the loss of revenue from the employee's professional income.

#### Early retirement (benefits)

This scheme applies to employees suffering a work-related illness linked to asbestos. This allows agents to continue receiving a partial salary in the event of early retirement, upon request and according to their age.

#### Work-related accident and disability allowance

RATP does not contribute to the State scheme for work-related accidents and disability, as it makes the indemnity payments itself.

Employees who are victims of work-related accidents or illnesses, which result in permanent partial incapacity to work, may request a lump sum payment or an annual allowance for the rest of their lives. The committee on work-related accidents and illnesses decides whether the victim or those with vested rights are eligible and determines the amount of the allowance. The benefits are paid by the pension fund. The allowances are paid until the death of the beneficiary and are reversible, as appropriate.

#### Retirement benefit obligations of foreign subsidiaries

Some foreign subsidiaries – mainly in the United Kingdom – have defined benefit plans to cover their retirement benefit obligations. The obligations are partially covered by plan assets derived principally from local investments.



## 24.1.2 Change in provisions

Changes in provisions for post-employment benefits were as follows:

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
<b>Total net liability as at 1 January 2016</b>	<b>291,745</b>	<b>15,082</b>	<b>37,590</b>	<b>244,624</b>	<b>2,361</b>	<b>–</b>	<b>27,808</b>	<b>619,211</b>
Current service cost and interest cost	23,336	1,556	846	23,106	53	–	6,531	55,428
Benefits paid	(18,575)	(1,302)	(1,506)	(10,087)	(717)	–	–	(32,187)
Actuarial gains/(losses)	16,353	934	4,596	38,803	1,556	–	4,131	66,373
Asset ceiling effect (IFRIC 14)	–	–	–	–	–	–	(46)	(46)
Contributions paid into the plan	–	–	–	–	–	–	(7,354)	(7,354)
Changes in scope	270	–	–	–	–	–	–	270
Effect of change in exchange rates	35	–	–	–	–	–	(3,415)	(3,380)
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2016</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	<b>–</b>	<b>27,655</b>	<b>698,314</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
<b>Total net liability as at 1 January 2017</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	<b>–</b>	<b>27,655</b>	<b>698,315</b>
Current service cost and interest cost	22,564	1,554	607	22,775	42	–	(509)	47,032
Benefits paid	(28,152)	(1,118)	(1,716)	(10,737)	(565)	–	–	(42,288)
Actuarial gains/(losses)	(2,168)	(324)	(185)	(5,207)	109	–	(11,035)	(18,810)
Asset ceiling effect (IFRIC 14)	–	–	–	–	–	–	605	605
Contributions paid into the plan	–	–	–	–	–	–	(4,966)	(4,966)
Changes in scope	(133)	–	–	–	–	–	–	(133)
Effect of change in exchange rates	(276)	–	–	–	–	–	(1,071)	(1,347)
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>–</b>	<b>10,680</b>	<b>678,409</b>

### 24.1.3 Recognised expense

The expense recognised for the year can be broken down as follows:

#### Expense recognised in 2016

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
Service cost	(16,803)	(1,217)	–	(17,602)	–		(5,561)	(41,182)
Net interest cost	(6,533)	(339)	(846)	(5,504)	(53)	–	(694)	(13,969)
Other	–	–	–	–	–	–	(277)	(277)
<b>IMPACT OF NET INCOME</b>	<b>(23,336)</b>	<b>(1,556)</b>	<b>(846)</b>	<b>(23,106)</b>	<b>(53)</b>	<b>–</b>	<b>(6,531)</b>	<b>(55,428)</b>

#### Expense recognised in 2017

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
Service cost	(18,291)	(1,300)	–	(18,216)	–		1,640	(36,167)
Net interest cost	(4,272)	(254)	(607)	(4,559)	(42)	–	(656)	(10,390)
Other	–	–	–	–	–	–	(475)	(475)
<b>IMPACT OF NET INCOME</b>	<b>(22,564)</b>	<b>(1,554)</b>	<b>(607)</b>	<b>(22,775)</b>	<b>(42)</b>	<b>–</b>	<b>509</b>	<b>(47,032)</b>

### 24.1.4 Impact on other comprehensive income

Actuarial gains and losses relating to post-employment benefits were as follows:

#### Amounts recognised directly in equity in 2016

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
<b>OPENING BALANCE</b>	<b>(97)</b>	<b>1,256</b>	<b>(1,615)</b>	<b>(45,031)</b>	<b>(8,438)</b>	<b>(25,500)</b>	<b>(10,764)</b>	<b>(90,189)</b>
Remeasurements	(16,353)	(934)	(4,596)	(38,803)	(1,556)	–	(4,131)	(66,373)
Other	–	–	–	–	–	–	1,286	1,286
<b>CLOSING BALANCE</b>	<b>(16,450)</b>	<b>322</b>	<b>(6,211)</b>	<b>(83,834)</b>	<b>(9,994)</b>	<b>(25,500)</b>	<b>(13,609)</b>	<b>(155,275)</b>
of which experience adjustments for the period	(5,682)	(342)	(585)	8,618	1,442	–	(1,619)	1,832

#### Amounts recognised directly in equity in 2017

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post-employment benefits
<b>OPENING BALANCE</b>	<b>(16,450)</b>	<b>322</b>	<b>(6,211)</b>	<b>(83,834)</b>	<b>(9,994)</b>	<b>(25,500)</b>	<b>(13,609)</b>	<b>(155,275)</b>
Remeasurements	2,168	324	185	5,207	(109)	–	11,035	18,810
Other	–	–	–	–	–	–	1,248	1,248
<b>CLOSING BALANCE</b>	<b>(14,281)</b>	<b>646</b>	<b>(6,026)</b>	<b>(78,627)</b>	<b>(10,103)</b>	<b>(25,500)</b>	<b>(1,326)</b>	<b>(135,217)</b>
of which experience adjustments for the period	(1,591)	(324)	(185)	(5,207)	105	–	(6,497)	(13,699)





## 24.1.5 Change in obligation and plan assets

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post- employment benefits
<b>Obligation as at 1 January 2016</b>	<b>291,745</b>	<b>15,082</b>	<b>37,590</b>	<b>244,624</b>	<b>2,361</b>	–	<b>159,439</b>	<b>750,841</b>
Service cost	16,803	1,217	–	17,602	–	–	5,561	41,182
Interest cost	6,533	339	846	5,504	53	–	4,735	18,009
Employee contributions							89	89
Benefits paid	(18,575)	(1,302)	(1,506)	(10,087)	(717)	–	(5,439)	(37,626)
Actuarial gains/(losses)	16,353	934	4,596	38,803	1,556	–	25,116	87,357
Changes in scope	270	–	–	–	–	–	–	270
Effect of change in exchange rates	35						(21,836)	(21,800)
Other							(281)	(281)
<b>Obligation as at 31 December 2016</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	–	<b>167,382</b>	<b>838,041</b>
Plan assets as at 31 December 2016							(141,102)	(141,102)
<b>Obligation net of plan assets</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	–	<b>26,281</b>	<b>696,939</b>
IFRIC 14 accumulated adjustment							1,375	1,375
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2016</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	–	<b>27,655</b>	<b>698,314</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Work-related accident and disability allowance	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total post- employment benefits
<b>Obligation as at 1 January 2017</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	–	<b>167,383</b>	<b>838,042</b>
Service cost	18,291	1,300	–	18,216	–	–	(1,640)	36,167
Interest cost	4,272	254	607	4,559	42	–	4,466	14,201
Employee contributions							(2,927)	(2,927)
Benefits paid	(28,152)	(1,118)	(1,716)	(10,737)	(565)	–	(2,574)	(44,862)
Actuarial gains/(losses)	(2,168)	(324)	(185)	(5,207)	109	–	(1,194)	(8,969)
Changes in scope	(133)	–	–	–	–	–	–	(133)
Effect of change in exchange rates	(276)						(6,358)	(6,634)
Other							(210)	(210)
<b>Obligation as at 31 December 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	–	<b>156,947</b>	<b>824,676</b>
Plan assets as at 31 December 2017							(148,235)	(148,235)
<b>Obligation net of plan assets</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	–	<b>8,711</b>	<b>676,440</b>
IFRIC 14 accumulated adjustment							1,967	1,967
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	–	<b>10,678</b>	<b>678,407</b>
Estimate of payments in 2018	34,517	1,317	1,089	11,015	402	–	3,014	51,355

## Plan assets of foreign subsidiaries

	31/12/2017	31/12/2016
<b>Net asset recognised as at January 1</b>	<b>141,102</b>	<b>133,230</b>
Interest on assets	3,856	4,090
Employer contributions	4,966	7,354
Employee contributions	37	89
Benefits paid from plan assets	(5,542)	(5,439)
Actuarial gains/(losses)	9,840	20,985
Changes in scope	–	–
Effect of change in exchange rates	(5,335)	(18,649)
Other swaps	(689)	(558)
<b>NET ASSET RECOGNISED AS AT DECEMBER 31</b>	<b>148,235</b>	<b>141,102</b>

Plan assets of subsidiaries are invested as follows: approximately 38% in equities, 53% in bonds, 5% in real estate and the remainder in other financial assets.

## 24.1.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	31/12/2017		31/12/2016	
	Eurozone	United Kingdom	Eurozone	United Kingdom
Discount rate	1.50%	2.15% to 2.65%	1.50%	2.3% to 3.0%
Inflation rate	2.00%	3.20%	2.00%	2.2% to 3.3%
Salary increase rate including inflation	2.0% to 2.2%	2.05%	2.0% to 2.2%	2.2% to 3.5%
Mortality table	TGH 05/TGF 05	S2PA	TGH 05/TGF 05	SAPS S1 NA
Retirement age	59.4 years	65 years	59.4 years	65 years
Pension revaluation rate	NA	2.05% to 2.3%	NA	1.9% to 3.5%
Turnover rate	0.00%	NC	0.00%	NC

An increase or decrease of 25 basis points in the discount rate would have increased or decreased aggregate post-employment obligations by €25 million.

The average duration of post-employment obligations is fifteen years, as at the 2016 reporting date.

## 24.2 Other long-term employee benefits

Other long-term benefits are measured according to actuarial calculations. Actuarial gains and losses are recognised immediately in profit or loss.

### 24.2.1 Description of the various long-term benefit schemes

#### Work-related accident and disability allowances

The allowances and indemnities for work-related accidents and illnesses paid to employees in service are accounted for as long-term benefits. The portion relating to retirees is accounted for under post-employment benefits (see description of the allowances in paragraph 24.1.1).

#### Seniority bonuses

After a specific number of years' service, employees receive seniority bonuses and additional holiday leave.

#### Phased retirement

This scheme previously enabled employees to opt for part-time employment compensated at 70% for those under 55 years of age and at 75% for employees aged 55 and upwards. The scheme was closed to new contributors as of 2010.



## Unemployment benefits

As for the State unemployment benefit fund (Assedic), RATP provides employees whose employment contracts have reached termination with replacement revenue known as “unemployment benefit” for a variable duration depending on the number of years of affiliation and the age of the employee. This compensation scheme for the termination of an employment contract is recognised in a similar way to a long-term benefit scheme, although the benefits are payable after the employee’s employment ends.

## Long-term sick leave

Employees with extended illnesses are granted sick leave to enable them to receive the medical treatment required. Although their employment contract is suspended, all or part of their salary is paid, subject to certain conditions.

	Seniority bonuses	Work-related accident and disability allowances	Phased retirement	Unemployment benefits	Leave for long-term illness	Total long-term benefits
<b>Net liability recognised as at 1 January 2016</b>	<b>23,737</b>	<b>20,071</b>	<b>1,465</b>	<b>11,577</b>	<b>5,433</b>	<b>62,283</b>
Service cost and interest cost	2,365	3,552	33	–	2,530	8,480
Benefits paid	(1,508)	(2,710)	(1,141)	(11,259)	(5,161)	(21,779)
Actuarial gains and losses	3,211	1,121	260	7,182	(473)	11,301
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2016</b>	<b>27,805</b>	<b>22,034</b>	<b>617</b>	<b>7,499</b>	<b>2,329</b>	<b>60,284</b>

	Seniority bonuses	Work-related accident and disability allowances	Phased retirement	Unemployment benefits	Leave for long-term illness	Total long-term benefits
<b>Net liability recognised as at 1 January 2017</b>	<b>27,805</b>	<b>22,034</b>	<b>617</b>	<b>7,499</b>	<b>2,329</b>	<b>60,284</b>
Service cost and interest cost	2,569	3,518	3	–	2,112	8,202
Benefits paid	(1,642)	(2,807)	(524)	–	(1,666)	(6,639)
Actuarial gains and losses	(350)	(134)	108	1,202	311	1,137
<b>NET LIABILITY RECOGNISED AS AT 31 DECEMBER 2017</b>	<b>28,382</b>	<b>22,611</b>	<b>204</b>	<b>8,701</b>	<b>3,086</b>	<b>62,984</b>
Estimate of payments to defined benefit plans in 2018	1,188	2,941	186	–	–	4,315

## 24.2.2 Main actuarial assumptions

	31/12/2017	31/12/2016
Discount rate	1.50%	1.50%
Inflation rate	2.00%	2.00%
Salary increase rate including inflation	2.20%	2.20%
Mortality table	TGH 05/TGF 05	TGH 05/TGF 05
Retirement age	59.4 years	59.4 years
Turnover rate	0.00%	0.00%

An increase or decrease in the discount rate of 25 basis points would have decreased or increased aggregate long-term benefits by €1.8 million. The average duration of long-term obligations is fifteen years, as it was at the 2016 reporting date.

## 25 — Other provisions

A provision is recognised at the reporting date if the Group has a current obligation towards a third party as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably estimated.

This obligation may be legal, regulatory, contractual or implicit.

The provision recognised corresponds to the estimated amount of resources the Group requires to settle the obligation. Provisions are discounted if the effect of discounting is material.

Decommissioning costs mainly concern railway rolling stock. A provision is recorded to offset the amount recorded under fixed assets, and the asset components are amortised over the useful life of the trains.

Any increase in the liability provisioned in terms of cost or term to maturity (decommissioning component) is capitalised in the value of the associated equipment. As the effect of discounting is not material, the provisions are not discounted.

The impact of all the provisions (assets and liabilities) on the income statement is:

	31/12/2016	31/12/2017
Provisions, net	(18,300)	11,886

Various legal proceedings have been instituted against the company and its subsidiaries in the normal course of business. In certain cases, claims for damages have been made, which are provisioned when payment is probable and measurable.

	31/12/2015	Additional allowance	Provisions used	Unused provisions	Reclassification, changes of scope and exchange rate	31/12/2016
<b>Non-current provisions</b>	<b>158,289</b>	<b>37,671</b>	<b>(18,634)</b>	<b>(11,022)</b>	<b>(5,879)</b>	<b>160,424</b>
Decommissioning <sup>(1)</sup>	71,737	0	(6,744)	0	1,807	66,799
Disputes <sup>(2)</sup>	22,072	3,774	(1,796)	(1,175)	(10,376)	12,499
Other expenses	26,559	7,116	(1,593)	0	(8,047)	24,034
Other risks <sup>(3)</sup>	37,920	26,780	(8,500)	(9,847)	10,738	57,092
<b>Current provisions</b>	<b>61,743</b>	<b>32,117</b>	<b>(16,042)</b>	<b>(6,474)</b>	<b>3,090</b>	<b>74,434</b>
Decommissioning <sup>(1)</sup>	0	0	0	0	0	0
Disputes <sup>(2)</sup>	27,400	7,082	(5,518)	(2,351)	502	27,116
Other expenses	3,523	5,276	(2,896)	0	4,249	10,152
Other risks <sup>(3)</sup>	30,820	19,759	(7,629)	(4,123)	(1,661)	37,166
<b>TOTAL PROVISIONS</b>	<b>220,032</b>	<b>69,788</b>	<b>(34,676)</b>	<b>(17,497)</b>	<b>(2,789)</b>	<b>234,858</b>

	31/12/2016	Additional allowance	Provisions used	Unused provisions	Reclassification, changes of scope and exchange rate	31/12/2017
<b>Non-current provisions</b>	<b>160,424</b>	<b>30,995</b>	<b>(17,109)</b>	<b>(12,683)</b>	<b>(644)</b>	<b>160,983</b>
Decommissioning <sup>(1)</sup>	66,799	0	(686)	0	927	67,040
Disputes <sup>(2)</sup>	12,499	2,565	(2,331)	(3,805)	(111)	8,816
Other expenses	24,034	2,276	(1,130)	0	(1,365)	23,816
Other risks <sup>(3)</sup>	57,092	26,154	(12,963)	(8,877)	(95)	61,311
<b>Current provisions</b>	<b>74,434</b>	<b>24,462</b>	<b>(21,864)</b>	<b>(11,239)</b>	<b>1,847</b>	<b>67,640</b>
Decommissioning <sup>(1)</sup>	0	0	0	0	0	0
Disputes <sup>(2)</sup>	27,116	3,203	(3,382)	(7,611)	(303)	19,023
Other expenses	10,152	1,931	(9,225)	0	2,183	5,041
Other risks <sup>(3)</sup>	37,166	19,327	(9,256)	(3,628)	(32)	43,577
<b>TOTAL PROVISIONS</b>	<b>234,858</b>	<b>55,456</b>	<b>(38,973)</b>	<b>(23,921)</b>	<b>1,204</b>	<b>228,623</b>

(1) Provisions for decommissioning railway rolling stock are recorded with an offsetting entry under components of fixed assets. They are amortised over the useful lives of the trains.

(2) Provisions for litigation concern provisions for disputes and legal proceedings of a commercial nature or those instigated by employees involving asbestos-related illnesses contracted at work.

(3) Provisions for other contingencies comprise RATP's obligation to insure against passenger accidents on its networks (basis: cases already declared) for an amount of €84 million. These provisions cover any excess in compensation for bodily harm and/or material damage not covered by the insurance contracts. The level of provisions is graduated according to the seriousness of the damage.



## 26 — Financial liabilities

Loans and borrowings mainly include bonds, loans from the Île-de-France region, loans from credit institutions and short-term bank loans.

They are initially recognised at their fair value, corresponding to the amount received less borrowing costs, then subsequently at amortised cost using the effective interest rate method.

For fair value hedges on loans and borrowings, the hedged part of loans and borrowings is recorded in the balance sheet at fair value,

based on market value. Changes in fair value are recorded in the income statement and are offset by symmetrical changes in the fair value of the hedging instruments.

### Issuance of new debt securities

Under its Euro medium term note (EMTN) program, RATP issued a new “Green Bond” loan with a nominal amount of €500 million in June 2017, maturing in May 2027 and bearing a fixed interest of 0.875%.

### 26.1 Breakdown of current and non-current loans and borrowings

	31/12/2017	31/12/2016
Bond issues	4,579,766	4,764,436
Île-de-France loans	159,269	179,458
Loans related to lease terminations	21,297	278,166
Borrowings from credit institutions	129,958	135,059
Loans related to finance leases	29,447	33,801
Deposits and guarantees received	6,362	5,788
Other loans and borrowings	2,462	5,618
<b>Non-current loans and borrowings</b>	<b>4,928,560</b>	<b>5,402,326</b>
Bond issues	649,842	419,042
Île-de-France loans	20,264	20,478
Corporate savings plan loans	285,677	325,330
Loans related to lease terminations	230,906	50,075
Borrowings from credit institutions	43,627	51,222
Loans related to finance leases	3,879	4,774
Deposits and guarantees received	63,600	189,300
Commercial paper	876,065	992,117
Other loans and borrowings	20	23
Bank loans	119,072	158,596
Accrued interest	66,561	68,107
<b>Current loans and borrowings</b>	<b>2,359,513</b>	<b>2,279,064</b>
<b>TOTAL</b>	<b>7,288,073</b>	<b>7,681,390</b>

## 26.2 Measurement of net debt

The Group defines net debt as total outstanding loans and borrowings, less accrued interest, cash and cash equivalents, short-term investments, financial assets related to lease operations (deposits, guarantees and cash collateral), and the fair value of currency hedge derivative instruments on debt securities and lease deposits. The liabilities relating to lease financing for tramways T3, T5, T6, T7 and T8 are offset in the measurement of net debt by the receivable of the same amount from the Syndicat des transports d'Île-de-France, and therefore do not appear in the list below.

	31/12/2017	31/12/2016
Financial liabilities	7,288,073	7,681,390
Cash flow hedging instruments	(100,830)	(289,690)
Fair value derivative instruments	4,531	(18,608)
Accrued interest	(66,561)	(68,107)
Advance on housing loan (CIL)	(28,884)	(32,638)
Deposits and guarantees <sup>(1)</sup>	(252,203)	(328,241)
Other financial assets relating to leases	(56,052)	(97,055)
Short-term investments	(165,810)	(42,167)
Cash and cash equivalents	(1,143,087)	(1,020,413)
Other <sup>(2)</sup>	(246,576)	(345,394)
<b>NET DEBT</b>	<b>5,232,601</b>	<b>5,439,077</b>

(1) The terms of these deposits match the maturities of the loans relating to lease terminations. They are deducted when calculating net debt.

(2) Including cash flow hedge guarantee deposits of €245 million as at 31 December 2017.

### Changes in liabilities from financing activities

	31/12/2016	Financing flow	Cash flow	Investment flow	Effects of exchange	Fair value	Other swaps	31/12/2017
Loans and borrowings – non-current	5,402,326	525,632		(75,219)	(10,294)	(170,507)	(764,674)	4,907,263
Loans and borrowings – current	2,279,064	(586,650)	(39,556)		(3,007)	(22,446)	753,405	2,380,810
<b>TOTAL LOANS AND BORROWINGS</b>	<b>7,681,390</b>	<b>(61,018)</b>	<b>(39,556)</b>	<b>(75,219)</b>	<b>(13,301)</b>	<b>(192,953)</b>	<b>(11,269)</b>	<b>7,288,073</b>





## 26.3 Maturities of loans and borrowings

	2018	2019	2020	2021	2022	+5 years
Bond issues (EUR)	650,000	–	–	600,000	600,000	3,000,000
Interest on bond issues (EUR)	138,117	109,281	109,281	109,281	85,281	241,098
Bonds denominated in foreign currencies		297,163	–	–	–	–
Interest on bonds denominated in foreign currencies	12,139	12,139	–	–	–	–
Île-de-France loans	20,309	18,509	16,845	15,943	14,530	121,512
Interest on Île-de-France loans	–	–	–	–	–	–
Corporate savings plan loans	285,677	–	–	–	–	–
Interest on corporate savings plan loans	1,175	–	–	–	–	–
Borrowings from credit institutions	43,627	36,818	10,353	10,353	10,353	65,534
Loans related to lease terminations	236,929		12,340			26,853
Loans related to finance leases	4,076	3,444	3,182	3,134	3,308	16,298
Interest on loans related to finance leases	357	292	243	200	159	401
Deposits and guarantees received	63,600	–	–	–	–	–
Commercial paper	876,064	–	–	–	–	–
Other loans and borrowings	20	2,462	–	–	–	–
Bank loans	119,072	–	–	–	–	–
Accrued interest	66,561	–	–	–	–	–
<b>TOTAL LOANS AND BORROWINGS</b>	<b>2,517,724</b>	<b>480,109</b>	<b>152,244</b>	<b>738,910</b>	<b>713,630</b>	<b>3,471,697</b>

Cash flows relating to bond issues in Swiss francs are hedged by cross currency swaps.

The breakdown by main currency and type of interest rate is presented in Note 29.

## 26.4 Change in amortised cost

Bond issue	Amortised cost 31/12/2017	Amortised cost 31/12/2016	Change
RATP CHF 3.25% 9 October 2017	0	279,338	(279,338)
RATP CHF 3.25% 6 November 2017	0	139,704	(139,704)
RATP EUR 4.50% 28 May 2018	649,842	649,462	380
RATP CHF 2.929% 27 June 2019	127,133	139,587	(12,454)
RATP CHF 2.625% 6 November 2019	269,045	293,093	(24,049)
RATP EUR 4.00% 23 September 2021	597,923	597,416	507
RATP EUR 2.875% 9 September 2022	596,877	596,251	625
RATP EUR 4.125% 13 April 2023	598,091	597,774	317
RATP EUR 1.38% 16 September 2024	149,959	149,953	6
RATP EUR 0.375% 15 June 2024	496,317	495,756	561
RATP EUR 2.441% 25 October 2025	49,816	49,796	21
RATP EUR 3.03% 25 October 2025	199,732	199,702	30
RATP EUR 3.75% 19 October 2026	448,113	447,935	177
RATP EUR 0.875% 25 May 2027	497,913	0	497,913
RATP EUR 4.11% 1 July 2031	49,772	49,760	12
RATP EUR 1.75% 25 May 2031	498,076	497,950	126
<b>TOTAL – BONDS</b>	<b>5,228,607</b>	<b>5,183,478</b>	<b>45,129</b>

	Amortised cost 31/12/2017	Amortised cost 31/12/2016	Change
Île-de-France loans	179,535	199,936	(20,401)
Advance on housing loan (CIL)	28,884	32,638	(3,754)
Corporate savings plan loan (excluding commercial paper)	159,262	199,075	(39,813)
Loans related to lease terminations	252,201	328,241	(76,040)
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>5,848,489</b>	<b>5,943,368</b>	<b>(94,879)</b>

## 27 — Accounts payable

Accounts payable (excluding pre-paid income) are financial liabilities valued at their fair value which is equal to their nominal value when entered in the balance sheet as the effect of discounting is not material for liabilities that are due within a year.

	31/12/2017	31/12/2016
Trade payables	334,147	316,892
Payables on fixed assets	468,753	448,088
Taxes and payroll-related payables	726,657	730,855
Other operating payables	28,305	28,793
Prepaid income	92,715	70,690
Other payables	563,655	571,412
Income tax liabilities	6,406	1,296
<b>TOTAL</b>	<b>2,220,638</b>	<b>2,168,024</b>

All trade payables are due within one year.



## 28 — Change in working capital

	31/12/2017	31/12/2016
Inventories	(3,888)	(9,880)
Advances and down payments to suppliers	(695)	915
Trade receivables and related accounts	(12,456)	(26,200)
Receivables from the State and other public authorities	134,455	(151,443)
Receivables from the Île-de-France transport authority	275	18,210
Other receivables	(124,012)	2,512
Prepaid expenses	(542)	(311)
Advances and down payments received	(787)	16,786
Trade and related payables	20,379	21,899
Taxes and payroll-related payables	(1,437)	78,447
Amounts due to the Île-de-France transport authority	660	(39,870)
Other liabilities	1,478	(25,987)
Prepaid income	(1,832)	1,800
Lease prepayments	(1,790)	(1,357)
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>9,808</b>	<b>(114,478)</b>

## 29 — Management of financial risk

### Management of interest rate risk

The RATP group's debt bears mostly fixed-rate interest. Interest rate risk on financial assets or liabilities is managed by setting up fair value hedges (swaps, caps, floors) to strictly back an existing or highly probable debt.

### Foreign currency hedges

RATP systematically hedges exchange rate risk on foreign currency loans using swaps (foreign exchange swaps, cross currency swaps or flow swaps).

### Management of risk of commodity price increases

The Group may use commodity derivatives. RATP generally provides back-to-back guarantees to its subsidiaries for such transactions.

### Credit and counterparty risk

Credit risk is the risk of financial loss for the Group if a customer or counterparty to a financial instrument defaults on their contract commitments.

Risk concerning customers is limited as the Group's main customers are local authorities.

Counterparty risk is also limited due to collateral agreements on derivatives and the diversification of the short-term investment portfolio.

### Liquidity risk

Liquidity risk is the risk that the RATP group may not be able to repay its debts when they fall due. RATP principally uses long-term financing arrangements. RATP has also issued a maximum of €2,500 million in commercial paper and has average available outstanding investments of an average €1 billion for 2017 to ensure adequate liquidity.

### 29.1 Sensitivity to short-term debt

RATP had short-term debt instruments in the form of commercial paper amounting to €1,006 million, of which €127 million were backed by the corporate savings plan. The debt instruments have maturities of up to six months as at 31 December 2017, and have been issued at a fixed rate.

The short-term debt, mostly bearing fixed rate interest, finances the short-term assets themselves indexed on currency rates. The Group is not highly exposed to interest rate volatility.

## 29.2 Sensitivity to long-term debt

### Effect on interest expense

Today, 94% of long-term borrowings (bonds, corporate savings plan, Île-de-France loan) bear fixed rate interest.

#### Total unhedged debt (amortised cost)

	31/12/2017	31/12/2016
<b>CHF bonds in millions of euros</b>	<b>396</b>	<b>852</b>
Floating rate	0%	0%
Fixed rate	100%	100%
<b>EUR bonds in millions of euros</b>	<b>4,832</b>	<b>4,332</b>
Floating rate	0%	0%
Fixed rate	100%	100%
<b>Île-de-France long-term bonds in millions of euros</b>	<b>180</b>	<b>200</b>
Floating rate	100%	100%
Fixed rate	0%	0%
<b>Corporate savings plan in millions of euros</b>	<b>159</b>	<b>199</b>
Floating rate	100%	100%
Fixed rate	0%	0%
<b>Total in millions of euros</b>	<b>5,567</b>	<b>5,583</b>
Fixed rate	94%	93%
Floating rate	6%	7%

#### Total hedged debt

	31/12/2017	31/12/2016
<b>Total debt (nominal amount) in millions of euros</b>	<b>5,567</b>	<b>5,583</b>
Floating rate	338	399
Fixed to floating swaps	0	0
<b>% fixed-rate debt</b>	<b>94%</b>	<b>93%</b>

Interest expense on bonds amounted to €158.7 million in 2017: as all the bonds bear interest at fixed rates, they are not exposed to the risk of increases in interest rate.

### Hedge effectiveness

Forward-looking tests are used to simulate hedge effectiveness in the event of major changes in interest rates (stress scenarios).

Hedges are only considered to be effective if, in all the scenarios tested, they remain within the limits of 80% to 125%. In the event of a 1% increase or decrease in interest rates, all the hedges remain effective.



## 29.3 Offsetting agreements

The Group's financial assets and liabilities are not offset in the balance sheet, except for assets and liabilities relating to the American lease (see Note 13).

However, the Group has entered into offsetting agreements for some derivative instruments. If either party defaults, the agreements make it possible to offset the fair value of the derivative instruments against the financial collateral.

The following table presents the potential impact of the offsetting agreements:

in thousands of euros	Carrying amount of derivative assets	Carrying amount of derivative liabilities	Fair value of financial collateral	Net exposure
Interest rate derivatives	101,995	(32,264)	(51,600)	82,660
Loans related to lease terminations		252,201	233,400	18,801

## 30 — Derivative financial instruments

The Group uses interest rate derivative instruments, currency derivatives or commodity derivatives (fuel) to manage its exposure to interest rate, exchange rate and diesel price escalation risk.

These instruments are only used for risk management purposes. These risks are managed according to objectives set by the Group's Finance department.

### Recognition of derivative financial instruments in the balance sheet

Derivative financial instruments are recognised in the balance sheet under financial assets and liabilities.

Derivative instruments are measured at their fair value when initially recognised, then subsequently remeasured at each reporting date until maturity. At each reporting date, the fair value of the derivative financial instruments is calculated on the basis of market values using the valuation models and methods commonly used on the markets or using external valuations provided by counterparties (Note 31).

The method of accounting for derivative financial instruments varies according to whether they are designated as fair value hedges, cash flow hedges or are not qualified as hedging instruments.

### Derivative hedging instruments

For hedging transactions, the Group applies the following arrangements: derivative financial instruments are recorded in the balance sheet at their fair value at the reporting date, based on their hedge classification.

### Fair value hedges

A fair value hedge is a hedge of the exposure to a change in the fair value of a recognised asset or liability, or of an unrecognised firm commitment.

The hedged item and the hedging instrument are remeasured, and changes in their fair values are recorded immediately in profit or loss. The net effect of the ineffective portion of the hedge is recognised immediately in the income statement.

### Cash flow hedges

A cash flow hedge is a hedge of the exposure to a highly probable forecast transaction that is not recorded in the balance sheet.

Changes in the fair value of the effective portion of the derivative instrument are recognised under other comprehensive income (cash flow hedge reserves) and are transferred to the income statement as the hedged transaction is settled. Changes in the fair value of the ineffective portion are recognised immediately in the income statement.

Effectiveness tests are performed when the hedges are set up and then subsequently at each reporting date. Hedge accounting can no longer apply if effectiveness tests show that the limits set by IAS 39 (80%-125%) are no longer respected. If this is the case, the derivative instrument is no longer classified as a hedging instrument.

### Derivatives not classified as hedges

Although they are part of the Group's hedging policy, some transactions do not qualify as hedging operations as they do not meet the criteria. These are essentially hedges of intra-group transactions in foreign currencies.

Any changes in fair value of these derivative financial instruments are immediately recorded in the income statement.

### 30.1 Classification of derivative financial instruments

	31/12/2017					
	Non-current assets	Current assets	Total Assets	Non-current liabilities	Current liabilities	Total liabilities
Cash flow hedge	101,630	3,065	104,695	8,923	3,662	12,585
Fair value hedge	21,108	34	21,142	40,909	4,566	45,475
No hedging	0	140	140	0	(2)	(2)
<b>TOTAL</b>	<b>122,738</b>	<b>3,239</b>	<b>125,977</b>	<b>49,832</b>	<b>8,226</b>	<b>58,058</b>

	31/12/2016					
	Non-current assets	Current assets	Total Assets	Non-current liabilities	Current liabilities	Total liabilities
Cash flow hedge	144,107	152,882	296,989	11,253	6,081	17,334
Fair value hedge	0	18,642	18,642	40,986	35	41,021
No hedging	0	2,216	2,216	0	602	602
<b>TOTAL</b>	<b>144,107</b>	<b>173,740</b>	<b>317,847</b>	<b>52,239</b>	<b>6,718</b>	<b>58,958</b>

### 30.2 Maturity of derivative instruments (maturity, notional amount, currency)

#### As at 31 December 2016

	Classification			Maturity of notional amount			
	Total	CFH	Fair value on option	Trading	<1 year	1 to 5 years	+5 years
<b>Exchange rate hedges</b>							
Cross currency swaps	775,028	659,351	115,677	–	325,362	300,008	149,658
Foreign exchange swap	405,997	–	405,997	–	405,997	–	–
<b>Interest rate hedges</b>							
Floating for fixed swaps	85,068	85,068	–	–	204	17,598	67,266
<b>Commodity hedges</b>							
ULSD 10 ppm swaps	17,100	17,100	–	–	8,995	8,105	–

#### As at 31 December 2017

	Classification			Maturity of notional amount			
	Total	CFH	Fair value on option	Trading	<1 year	1 to 5 years	+5 years
<b>Exchange rate hedges</b>							
Cross currency swaps	408,213	353,520	54,693	–		297,163	111,050
Foreign exchange swap	399,390	–	399,390	–	399,390	–	–
<b>Interest rate hedges</b>							
Floating for fixed swaps	265,763	265,763	–	–	32	18,102	247,629
<b>Commodity hedges</b>							
ULSD 10 ppm swaps	11,526	11,526	–	–	5,605	5,921	–

Note: foreign exchange risk on debt issued in foreign currencies is systematically hedged with cross currency swaps. Instruments that do not qualify for hedge accounting under IAS 39 (i.e. held for trading) are nevertheless economic hedges.





### 30.3 Fair value hedges

Operations classified as fair value hedges on 31 December 2017 are:

- either derivative instruments (cross currency swaps) that cover the deposits negotiated when setting up the American leases and which were restructured in July 2013; or
- foreign exchange swaps that cover the subscription of commercial paper issued in dollars.

As the sensitivity of these hedging derivatives to fluctuations in interest rates and exchange rates is very similar to those of hedged elements, their impact on profit and loss is not significant.

### 30.4 Cash flow hedges

The cash flow hedges in place as at 31 December 2017 comprised:

- either interest rate swaps fixed against Euribor: RATP pays a fixed rate and receives a Euribor rate on its existing floating rate debt, or on highly-probable fixed rate debt. As the sensitivity of the swaps is similar to that of the underlying financial liabilities, the impact on profit and loss is not significant; or
- cross currency swaps: the cash flows paid on borrowings in foreign currencies are perfectly hedged by the currency swaps, so that changes in the exchange rate have no effect on profit and loss.

## 31 — Fair value of financial instruments

The fair value of financial assets and liabilities is classified based on the inputs used for measurement, according to the following hierarchy:

- level 1: fair value obtained from quoted prices in active markets;
- level 2: fair value obtained using observable market data (interest rates, exchange rates and associated volatility);
- level 3: fair value measured using unobservable inputs.

### Quoted prices in active markets (level 1)

Fair value is determined primarily using market data. Marketable securities, including certain UCITS, are classified in this category.

The fair value of bonds carried at amortised cost is disclosed in the Notes. Fair value is determined on the basis of listed market prices at the reporting date.

### Valuation models using observable market data (level 2)

The assets and liabilities recognised at fair value using level 2 inputs are mainly derivative financial instruments and some dollar deposits maintained by RATP after the early termination of the leases. The fair value of these deposits is determined on the basis of the present value of estimated cash flows, determined by banks at the reporting date. The fair value of the derivative instruments is determined by external counterparties (banks) using various models:

- the fair value of interest rate swaps is determined on the basis of the present value of estimated future cash flows;
- the fair value of cross currency swaps is determined on the basis of the present value of estimated cash flows, determined by banks at the reporting date;
- the fair value of interest rate options (swaptions, caps, floors) is determined using the Black & Scholes method.

Credit and counterparty risks (CVA DVA) are taken into account at the fair value of derivative hedging instruments, where there is no collateral agreement (guarantee agreements) between RATP and its counterparty.

The fair value of unlisted financial assets and liabilities carried at amortised cost is disclosed in the Notes. It is determined by discounting cash flows using the market rate taking into account the issuer's credit rating. The interest rates used to discount future cash flows are determined based on the Euribor swap yield curve.

### Valuation models using unobservable inputs (level 3)

The assets and liabilities measured at fair value using level 3 inputs are mainly available-for-sale financial assets.

## 31.1 Fair value hierarchy of financial instruments

As at 31 December 2016

	Carrying amount	Fair value hierarchy			
		Fair value	Level 1	Level 2	Level 3
Measurement of assets to fair value					
Available-for-sale financial assets	35,399	35,399	0	0	35,399
Derivative financial instruments	317,847	317,847	0	317,847	0
Financial concession assets	4,177,458	4,177,458	0	4,177,458	0
Other financial assets	903,120	930,937	384,367	546,570	0
Cash and cash equivalents	1,020,413	1,020,413	646,730	373,683	0
Assets held for sale	0	0			
Measurement of liabilities to fair value					
Financial liabilities	7,681,390	8,409,789	5,871,216	2,538,573	0
Derivative financial instruments	58,958	58,958	0	58,958	0

As at 31 December 2017

	Carrying amount	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Measurement of assets to fair value					
Available-for-sale financial assets	37,631	37,631	0	0	37,631
Derivative financial instruments	125,977	125,977	0	125,977	0
Financial concession assets	4,081,757	4,081,757	0	4,081,757	0
Other financial assets	790,070	808,503	411,210	397,293	0
Cash and cash equivalents	1,143,087	1,143,087	686,134	456,953	0
Assets held for sale	0	0			
Measurement of liabilities to fair value					
Financial liabilities	7,288,073	8,042,007	5,916,832	2,125,175	0
Derivative financial instruments	58,058	58,058	0	58,058	0

## 31.2 Measurement methods and main unobservable inputs

The table below presents the measurement techniques used to measure levels 2 and 3 fair value of the main financial instruments, as well as the main unobservable inputs used:

Types of financial instruments	Measurement method	Main unobservable inputs	Correlation between inputs and measurement to fair value
<b>Derivative financial instruments</b> (interest rate swaps, cross currency swaps)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.
<b>Financial assets</b> (deposits, CIL housing loans)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.
<b>Loans and borrowings</b> (private equity)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.



### 31.3 Transfers between levels of the fair value hierarchy

During the financial year, there were no transfers between levels 1 and 2 of the fair value hierarchy, or to or from level 3. Changes in "available-for-sale financial assets" over the financial year were not affected by changes in fair value.

## 32 — Information per operating segment

In accordance with the provisions of IFRS 8, the segments presented are as follows:

- the "Infrastructure management" segment for the metro and RER under RATP: this activity entails managing the network infrastructure used to provide public passenger transport services, as entrusted to RATP by ORTF law No. 2009-1503 of 8 December 2009;
- the "Transport operations" (TO) segment: this activity entails operating public passenger transport services. This segment brings together the transport activities carried out by RATP in the Île-

de-France region, and by its subsidiaries in France and abroad. The parent company's support functions are included in the scope of this segment, including those provided for Infrastructure management, which are subject to internal transfer agreements.

Both segments are regularly reviewed by the Chief Operating Officer under internal reporting processes in order to allocate resources among the different segments and assess RATP's performance pursuant to the Syndicat des transports d'Île-de-France agreement.

The accounting methods used for segment reporting are the same as those used to prepare the consolidated financial statements.

The key principle for preparing segment information is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognised as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. The agreements set out the scope of transfers, valuation principles and invoicing arrangements.

On the balance sheet, property, plant and equipment and intangible assets are allocated directly in accordance with the scope defined for each activity. Investment grants are allocated to the assets to which they relate.

### 32.1 Income statement disclosures by operating segment

#### As at 31 December 2016

	Infrastructure management	Transport	Eliminations	Total
External revenue	4,123	5,443,644		5,447,767
Inter-segment revenue	833,870	255,631	(1,089,500)	0
Revenue	837,993	5,699,274	(1,089,500)	5,447,767
EBITDA	484,234	301,709		785,943
Operating income	244,507	137,589		382,095
Depreciation/amortisation	(238,562)	(147,531)		(386,093)

#### As at 31 December 2017

	Infrastructure management	Transport	Eliminations	Total
External revenue	4,276	5,482,207		5,486,483
Inter-segment revenue	867,589	313,929	(1,181,518)	0
Revenue	871,865	5,796,136	(1,181,518)	5,486,483
EBITDA	485,649	331,021		816,670
Operating income	255,745	187,608		443,353
Depreciation/amortisation	(231,472)	(149,486)		(380,958)

## 32.2 Balance sheet disclosures by operating segment

The main segment indicators relating to the balance sheet presented by the RATP group are:

### As at 31 December 2016

	Infrastructure management	Transport	Total
<b>Balance sheet</b>			
Property, plant and equipment and intangible assets, net	4,516,700	1,958,234	6,474,934
Investment grants	2,349,757	3,732,159	6,081,916
Property, plant and equipment and intangible asset investments	314,854	926,090	1,240,944
Purchase of concession assets		610,105	610,105
<b>TOTAL ASSETS</b>	<b>4,973,254</b>	<b>10,459,647</b>	<b>15,432,901</b>

### As at 31 December 2017

	Infrastructure management	Transport	Total
<b>Balance sheet</b>			
Property, plant and equipment and intangible assets, net	4,777,359	1,971,340	6,748,699
Investment grants	2,411,889	4,125,807	6,537,696
Property, plant and equipment and intangible asset investments	530,821	883,012	1,413,832
Purchase of concession assets		217,296	217,296
<b>TOTAL ASSETS</b>	<b>5,315,575</b>	<b>10,078,297</b>	<b>15,393,872</b>

## 33 — Guarantees

### 33.1 Guarantees given

	31/12/2017			31/12/2016		
	RATP	Other swaps	Total	RATP	Other swaps	Total
Guarantees	344,558	299,373	643,930	389,381	242,111	631,492
of which						
• non-profit organisations and others	13,788	299,373	313,161	19,017	242,111	261,128
• employee benefits	141,960		141,960	162,184		162,184
• leasehold transactions	188,810		188,810	208,180		208,180
<b>TOTAL</b>	<b>344,558</b>	<b>299,373</b>	<b>643,930</b>	<b>389,381</b>	<b>242,111</b>	<b>620,668</b>

### 33.2 Guarantees received

	31/12/2017			31/12/2016		
	RATP	Other swaps	Total	RATP	Other swaps	Total
Guarantees	315,156	0	315,156	365,568	7,565	373,133
of which leasehold transactions	315,156		315,156	365,568		365,568
<b>TOTAL</b>	<b>315,156</b>	<b>0</b>	<b>315,156</b>	<b>365,568</b>	<b>7,565</b>	<b>373,133</b>



## 34 — Off-balance sheet commitments

### 34.1 Capital expenditure

Capital expenditure contracted at the reporting date but not recorded in the financial statements amounted to €4,607 million at 31 December 2017, compared with €4,937 million at 31 December 2016. These investments are mainly financed through subsidies paid as per the progress of the projects and the arrangements governing compensation payable for contracts with the Syndicat des transports d'Île-de-France.

### 34.2 Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation for which it is unlikely that an outflow of resources will be required or for which the obligation amount cannot be measured in a reliable manner. Contingent liabilities are not recognised in the financial statements unless they relate to business combinations. However, disclosure is required in the Notes to the financial statements.

#### State aid paid by Île-de-France

In 2013, the Île-de-France region was sentenced by the administrative court of Paris to recover the investment subsidies paid by public transport operators, to reduce the acquisition price of their buses and coaches. The administrative court has classified these grants as illegal State aid, on the grounds of the failure to report them to the European Commission. For the subsidiaries of RATP Dev, the Group was informed of this order by a letter from the President of the regional council of Île-de-France dated 24 March 2014, which mentions an estimated subsidy amount of €21.7 million (excluding default interest) granted to the Group's subsidiaries.

The case involved two open proceedings, one before the national court and the other before the general court of the European Union. In both proceedings, the Group submitted its observations.

On 27 November 2015, a judgment of the administrative court of appeal of Paris confirmed the Île-de-France region's obligation to recover the illegal aid, subject to certain conditions. For instance, the amount to be recovered by the Île-de-France region must take into account the nature of the subsidised investments and the type of transport activity carried out. This should exclude subsidies for financing buses from the amounts to be repaid as they may not be re-used for non-subsidised services, and therefore reduce the previously calculated base.

The European Commission, in Decision SA.26763 2014/C delivered on 2 February 2017, confirms the state aid qualification of the subsidy system set up by the region (ongoing national procedure) as well as by the Syndicat des transports d'Île-de-France (for the future period) by recognising at the same time that these aids are consistent with the treaty. The Commission notes the unlawful nature of this aid because of the absence of prior notification, thereby requiring the beneficiary to repay the corresponding bank interest for the period for which the aid was granted. The amount to repay is slightly more than €4 million, on the basis of the initially mentioned base.

On 16 May 2017, the main operators represented by Optile, including RATP Dev, filed an application for partial annulment of the aforementioned decision on the qualification of the aid scheme with the general court of the European Union for the period covered. The region has also filed an appeal in that it declares that the system constituted an unlawfully implemented scheme.

In any case, if repayment of the investment grants received by the Group's subsidiaries were to become effective, it would be offset by the transport authorities, in particular, by the Île-de-France transport authority as the ultimate beneficiary of the public grants originally paid by the Île-de-France region. Consequently, the Group believes that at this stage its obligation is contingent and the resulting outflow of resources is uncertain.

#### Taxation of the Syndicat des transports d'Île-de-France flat-rate contributions

RATP contacted the French tax authorities (DLF) on 19 May 2009, requesting an analysis of the VAT system for contributions paid by the Syndicat des transports d'Île-de-France.

Since 2010, RATP has invoiced the Syndicat des transports d'Île-de-France without VAT in accordance with the analysis presented to the French tax authorities.

In 2015, the French tax authorities initiated a tax audit of RATP for financial years 2012 to 2014. In 2016, RATP received a reassessment proposal with respect to payroll tax. In April 2017, the investigation of RATP's appeal led to the closure of the audit without adjustment of these taxes.

## 35 — Information on related parties

### 35.1 Transactions with related parties

RATP is a public service company that is fully owned by the French State. Consequently, RATP is a related party in the meaning of IAS 24 in respect of all companies controlled by the French State. Despite being exempt from the obligation to submit information about transactions with public entities, the Group submits information on the principal non-current transactions concluded with the State and local authorities.

#### Transactions with the State and local authorities

	31/12/2017	31/12/2016
The Syndicat des transports d'Île-de-France agreement resources	1,933,419	2,114,272
Local council contribution to loss-making services	19,597	17,949
Investment grants called (State, the Syndicat des transports d'Île-de-France, RIF, other)	726,600	810,900
Île-de-France region loans contracted		–
Île-de-France region loans repaid	20,414	20,993
State and local authority receivables	393,230	574,780
The Syndicat des transports d'Île-de-France receivables (excluding IFRIC 12)	51,650	54,400
State and local authority liabilities	102,730	165,770
The Syndicat des transports d'Île-de-France IDFM liabilities	13,260	12,610
Île-de-France region loans and borrowings	207,649	228,064

#### Transactions with subsidiaries

Transactions with consolidated companies are eliminated; transactions with equity-accounted companies are usual practice for commercial or financial purposes within a group; they are performed on an arm's length basis under normal market conditions.

#### Other transactions with public sector companies

These refer to ordinary transactions undertaken in normal market conditions.

### 35.2 Compensation of senior executives

The senior executives of the RATP group are members of the Executive Committee.

	31/12/2017	31/12/2016
Short-term benefits excluding employer contributions <sup>(1)</sup>	2,969	2,635

(1) Including gross salaries, bonuses, profit sharing and benefits in kind.

The change is due to the increase in the size of the Executive Committee by one person and a departure transaction paid in 2017.

Other benefits were not material.



## 36 — Statutory audit fees

Pursuant to AMF Instruction 2006-10 of 19 December 2006 and the requirements instituted by article L. 820-3 of the French financial security act (LSF), details of the fees charged for the audit of the consolidated and parent company financial statements of the Group are provided below:

	31/12/2017	31/12/2016
KPMG	633	526
Mazars	683	642
Other	816	667
<b>Statutory Audit</b>	<b>2,132</b>	<b>1,834</b>
KPMG	13	23
Mazars	0	0
Other	0	27
<b>Services related to Statutory Audit</b>	<b>13</b>	<b>50</b>
KPMG	15	18
Mazars	0	0
Other	244	191
<b>Other services</b>	<b>259</b>	<b>209</b>

## 37 — Post-balance sheet events

Nil.



## 38 — List of Group companies

Transport division	Country	% control	% interest	Method	Comments
RATP	France	100.00	100.00	FC	Parent company
AlpBus Fournier	France	100.00	100.00	FC	
Autocars du Cambrésis	France	96.17	96.17	FC	
Autocars Finand	France	100.00	100.00	FC	
Autocars Finand Parmentier	France	100.00	100.00	FC	
Autoline Toscane	Italy	100.00	100.00	FC	
Aventour	France	100.00	100.00	FC	
Bath Bus company	UK	100.00	100.00	FC	
Bombela Operating company	South Africa	51.00	51.00	FC	
Bournemouth Transport	UK	90.00	90.00	FC	
Cambrésis Bus	France	96.17	96.17	FC	
CAMCO	Saudi Arabia	100.00	100.00	FC	2017 entry
Cars Dunois	France	100.00	100.00	FC	
Cars Perrier	France	100.00	100.00	FC	
Cars Saint-Martin	France	88.75	88.75	FC	
Casa Tram	Morocco	100.00	100.00	FC	
Céobus	France	100.00	100.00	FC	
Champagne Mobilités	France	100.00	100.00	FC	
Chemin de Fer Cambrésis	France	96.17	96.17	FC	
Cité Bleue	France	50.00	50.00	EM	Joint venture
CSR	France	100.00	100.00	FC	
CTB	France	100.00	100.00	FC	
CTCM	France	100.00	100.00	FC	
CTGMVA	France	100.00	100.00	FC	
CTLB	France	100.00	100.00	FC	
CTPC	France	100.00	100.00	FC	
CTPL	France	90.00	90.00	FC	
CTVH	France	100.00	100.00	FC	
CTVMI	France	100.00	100.00	FC	
CTY	France	100.00	100.00	FC	
DL Entreprises	France	100.00	100.00	FC	
Dunois Voyages	France	100.00	100.00	FC	
El Djazair	Algeria	100.00	100.00	FC	
EM Services	France	90.00	90.00	FC	
EMS Rennes	France	90.00	90.00	FC	
Escapade	France	54.60	54.60	FC	
FlexCité	France	85.60	85.60	FC	
FlexCité 77	France	85.60	85.60	FC	
FlexCité 91	France	85.60	85.60	FC	
FlexCité 92	France	85.60	85.60	FC	
FlexCité 93	France	85.60	85.60	FC	



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Transport division	Country	% control	% interest	Method	Comments
FlexCité 94	France	97.00	97.00	FC	
FlexCité 95	France	85.60	85.60	FC	
FlexCité TAD	France	100.00	100.00	FC	
Gem'Bus	France	100.00	100.00	FC	
Gest SpA	Italy	100.00	100.00	FC	
H R Richmond Ltd	UK	100.00	100.00	FC	
HelvéCIE SA	Switzerland	100.00	100.00	FC	
Hong Kong Tramway	Hong Kong	50.50	50.50	FC	
Hong Kong Tramway Engineering	Hong Kong	50.00	50.00	EM	
Ixxi	France	100.00	100.00	FC	
Ixxi Techside	France	100.00	100.00	FC	
La Ferroviaria Italiana (LFI)	Italy	11.71	11.71	EM	
Latium Cilia	Italy	51.00	51.00	FC	
Lebas Laridant	France	100.00	100.00	FC	
Les Cars Charlot	France	100.00	100.00	FC	
London United Busways	UK	100.00	100.00	FC	
London Sovereign	UK	100.00	100.00	FC	
Matem	France	51.00	51.00	FC	
Mc Donald Transit Associates	USA	83.41	83.41	FC	
Metrolab	France	50.00	50.00	Other	Joint operation. Integrated in share line by line
Metrolink	UK	100.00	100.00	FC	
Mobicité	France	100.00	100.00	FC	
Mobizen	France	20.00	20.00	EM	December 2017 entry
Moulins Mobilité	France	100.00	100.00	FC	
Mumbai	India	31.50	31.50	EM	
Nanjing Anqing	China	16.27	16.27	EM	
Nanjing Huabei	China	11.47	11.47	EM	
Nanjing JV	China	22.05	22.05	EM	
Navocap	France	100.00	100.00	FC	
Odulys	France	35.00	35.00	EM	
Orlyval Service (OVS)	France	99.00	99.00	FC	
Public Transport Company	Saudi Arabia	20.00	20.00	EM	
RATP Capital Innovation	France	100.00	100.00	FC	June 2017 creation
RATP Dev France Investissement	France	100.00	100.00	FC	
RATP Dev France Services	France	100.00	100.00	FC	
RATP Dev Italia	Italy	100.00	100.00	FC	
RATP Dev Lorient Agglomération	France	100.00	100.00	FC	2017 creation
RATP Dev Manille	Philippines	99.99	99.99	FC	
RATP Dev Middle east	UAE	100.00	100.00	FC	
RATP Dev Saudi Arabia	Saudi Arabia	100.00	100.00	FC	
RATP Dev Suisse	Switzerland	100.00	100.00	FC	
RATP Dev Suisse TP	Switzerland	100.00	100.00	FC	

Transport division	Country	% control	% interest	Method	Comments
RATP Dev UK	UK	100.00	100.00	FC	
RATP Dev USA LLC	USA	100.00	100.00	FC	
RATP Dev	France	100.00	100.00	FC	
RATP do Brasil	Brasil	100.00	100.00	FC	
RATP International	France	100.00	100.00	FC	
RDGS	UK	100.00	100.00	FC	
RDMT – DC	USA	96.68	96.68	FC	
RDMT – Tucson	USA	96.68	96.68	FC	
RDK SAS	France	50.00	50.00	EM	
RDK LLC (Educational City)	Qatar	50.00	50.00	EM	
RDSL – Urban NY	USA	100.00	100.00	FC	
SCI Foncière RD	France	100.00	100.00	FC	
SCI LLI	France	100.00	100.00	FC	
SCI Sofitim	France	50.00	50.00	FC	
Selwyns	UK	100.00	100.00	FC	
Seoul Ligne 9	South Korea	36.00	36.00	EM	
Setim	France	60.00	60.00	FC	Entry at 01/01/2017
Setim Mexico	Mexico	60.40	60.40	FC	Entry at 01/01/2017
Setram	Algeria	49.00	49.00	FC	
Société des lignes touristiques	France	100.00	100.00	FC	
Société des transports interurbains de l'Allier	France	100.00	100.00	FC	
Société des transports interurbains du Centre	France	100.00	100.00	FC	
Société des transports interurbains de Haute-Savoie	France	100.00	100.00	FC	
Société des transports urbains de Bourges	France	100.00	100.00	FC	
Société des transports urbains de Vierzon	France	100.00	100.00	FC	
Société d'exploitation des lignes touristiques	France	100.00	100.00	FC	
SQYBUS	France	89.52	89.52	FC	
STD de la Marne	France	100.00	100.00	FC	
STILE	France	100.00	100.00	FC	
STIN	France	100.00	100.00	FC	
STIVIMMO	France	50.00	50.00	EM	Joint venture
STIVO	France	50.00	50.00	EM	Joint venture
STS	France	51.00	51.00	FC	
TFT SpA	Italy	11.71	11.71	EM	
TIMBUS	France	50.02	50.02	FC	
TOT – The Original Sight Tour Limited	UK	100.00	100.00	FC	
TP2A	France	51.00	51.00	FC	
Tram di Firenze	Italy	15.85	15.85	EM	
Transport Finand	France	100.00	100.00	FC	
TVM	France	100.00	100.00	FC	
Veolia Transport RATP Asia	France	50.00	50.00	EM	Joint venture
Vienne Mobilités	France	90.00	90.00	FC	



## CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the consolidated financial statements

<b>Transport division</b>	<b>Country</b>	<b>% control</b>	<b>% interest</b>	<b>Method</b>	<b>Comments</b>
Voyages Dupas Lebeda	France	100.00	100.00	FC	
Voyages Taquet	France	100.00	100.00	FC	
VTCL	China	45.00	45.00	EM	
VTR China	China	50.00	50.00	EM	Joint venture
VTR Consulting	China	50.00	50.00	EM	Joint venture
VTR India	India	50.00	50.00	EM	Joint venture
VTR Korea	South Korea	50.00	50.00	EM	Joint venture
Wizway Solution	France	25.00	25.00	EM	
<b>Engineering division</b>	<b>Country</b>	<b>% control</b>	<b>% interest</b>	<b>Method</b>	<b>Comments</b>
Systra group	France	41.92	41.92	EM	
<b>Real property, marketing &amp; telecoms division</b>	<b>Country</b>	<b>% control</b>	<b>% interest</b>	<b>Method</b>	<b>Comments</b>
Naxos	France	100.00	100.00	FC	
Promo Métro	France	100.00	100.00	FC	
SADM	France	100.00	100.00	FC	
SEDP	France	100.00	100.00	FC	
Telcité	France	100.00	100.00	FC	
Telcité NAO	France	100.00	100.00	FC	

FC: full consolidated.

EM: equity method.



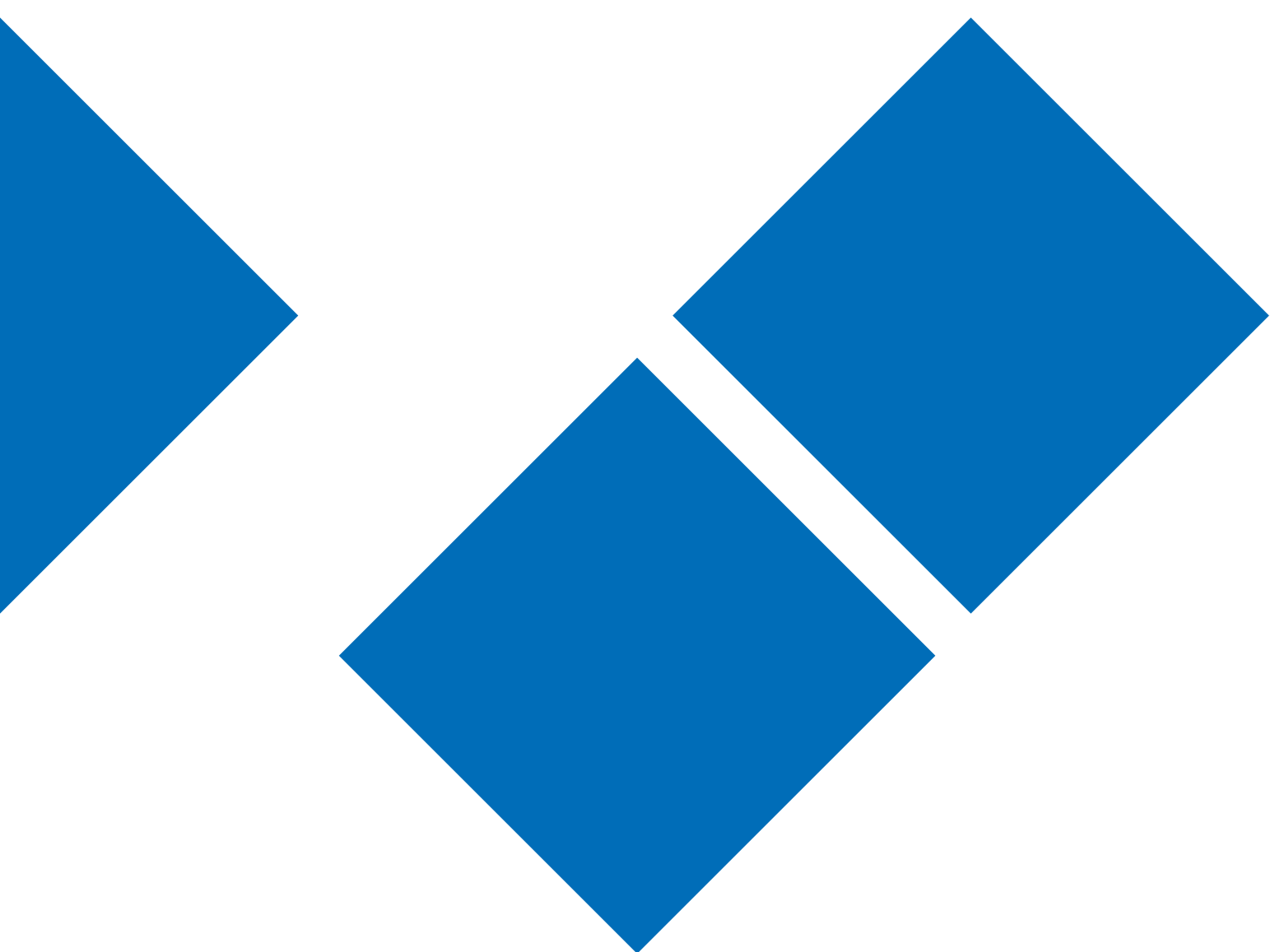
# Financial statements

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# Statutory Auditors' report on the financial statements

For the year ended 31 December 2017

To the Board of Directors of the RATP,

## 1. Opinion

In compliance with the engagement entrusted to us by the Commissioner of State Holdings, we have audited the accompanying financial statements of the Régie autonome des transports parisiens (hereinafter "RATP") 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.

## 2. Basis for opinion

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence 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 (1) of regulation (EU) No. 537/2014 or in 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 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.

### Assessment of the intangible assets and property, plant and equipment belonging to the State-owned industrial and commercial public utility (EPIC)

#### Identified risk

As at 31 December 2017, the intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* – EPIC) represented approximately 81% of total assets.

For the requirements of the asset impairment tests, the assets to be tested are combined into cash-generating units (CGUs). The CGUs defined for the EPIC RATP correspond to Infrastructure management and Transport operations activities.

For impairment testing, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value in use, which is equal to the present value of the CGU's expected future cash flows.

The main assumptions used by management in measuring the recoverable amount are described in Note 1.1.5 of the notes to the financial statements and concern:

- cash flows estimated on the basis of RATP's business plan approved by the Board of Directors and based on the financial provisions of the agreement between the Syndicat des transports d'Île-de-France and RATP for 2016-2020, discounted as required by changes to interest rates;
- investment assumptions;
- the methods for calculating terminal values;
- the methods used to determine the discount rate specific to each CGU.





## FINANCIAL STATEMENTS

Statutory Auditors' report on the financial statements

In view of the estimates and assumptions used to determine recoverable amounts, we considered the measurement of the State-owned industrial and commercial public utility's (EPIC) intangible assets and property, plant and equipment as a key audit matter.

### Audit response

We assessed the appropriateness of the methods used by RATP to determine current amounts.

For the two CGUs "Infrastructure management" and "Transport operations", we assessed the company's models and calculations particularly by:

- assessing the quality of the process for drawing up and approving budgets and forecasts;
- comparing growth in revenue and investment over the term of the Île-de-France Mobilités lease with the provisions of the lease;
- assessing, on the one hand, the reasonableness of the main assumptions used in these models with the budgets and forecasts made by management and presented to the Board of Directors and, on the other hand, with our knowledge of the sector and the specificities of the Île-de-France Mobilités lease acquired, in particular, during interviews with the members of the Executive Committee;
- comparing the discount rates used by the CGUs with those arising from various databases;
- assessing the sensitivity analyses carried out by RATP management on key assumptions to measure the potential impacts of these assumptions on the findings of the impairment tests.

We also assessed the appropriateness of the information presented in Note 1.1.5 of the notes to the financial statements.

### 4. Verification of the management report and other documents provided to members of the Board of Directors

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other document provided to the members of the Board of Directors with respect to the financial position and the financial statements.

### 5. Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

The firms KPMG and Mazars were appointed as Statutory Auditors of RATP by the Commissioner of State Holdings on 26 March 2015.

As at 31 December 2017, the firms Mazars and KPMG were in the third year of total uninterrupted engagement.

### 6. 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 the 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 relating 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 risk 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.

### 7. 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 relating 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.

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.

Prepared in Paris-la Défense and Courbevoie, on 27 March 2018

The Statutory Auditors

KPMG Audit  
Philippe Arnaud

Mazars  
Lionel Gotlib



# EPIC balance sheet

		31/12/2017		31/12/2016	
In thousands of euros	Notes	Gross	Depreciation and provisions	Net	Net
Intangible assets	2	985,936	499,465	486,471	423,601
Property, plant and equipment:	2	28,557,573	12,069,084	16,488,489	15,879,245
Financial assets	3	1,067,043	43,178	1,023,865	1,133,182
<b>Fixed assets</b>		<b>30,610,552</b>	<b>12,611,728</b>	<b>17,998,824</b>	<b>17,436,028</b>
Inventories and work in progress	4	235,842	50,922	184,920	185,845
Receivables	5	1,332,507	5,470	1,327,037	1,605,353
Marketable securities	6	1,145,581	8	1,145,574	980,149
Cash and cash equivalents		205,858		205,858	204,174
<b>Current assets</b>		<b>2,919,788</b>	<b>56,399</b>	<b>2,863,389</b>	<b>2,975,521</b>
Loan transaction costs		3,727		3,727	4,709
Bond redemption premiums		12,408		12,408	13,543
Unrealised translation losses		23,433		23,433	63,595
<b>TOTAL ASSETS</b>		<b>33,569,908</b>	<b>12,668,127</b>	<b>20,901,780</b>	<b>20,493,396</b>

	Notes	31/12/2017	31/12/2016
Liabilities reserve for assets allocated to		250,699	250,699
Revaluation surplus		210,216	212,923
Capital endowment		433,367	433,367
Reserves		294,699	294,699
Retained earnings		3,078,626	2,937,505
Net income for the period (surplus or loss)		212,697	141,121
<b>Net equity</b>		<b>4,480,305</b>	<b>4,270,314</b>
Regulated provisions		525,891	457,036
Investment grants		6,398,301	5,962,650
<b>Equity</b>	<b>7</b>	<b>11,404,498</b>	<b>10,690,000</b>
Provisions for contingencies and expenses	8	248,037	248,249
Financial liabilities	9	7,061,842	7,233,388
Taxes and payroll-related payables		629,477	684,348
Other liabilities	10	1,534,515	1,573,811
Unrealised translation gains		23,411	63,600
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,901,780</b>	<b>20,493,396</b>

# EPIC income statement

In thousands of euros	Notes	31/12/2017	31/12/2016
Revenue	11	4,717,529	4,652,119
Other income		485,803	442,259
Income used to offset depreciation expenses		253,222	224,565
<b>Operating income</b>		<b>5,456,554</b>	<b>5,318,943</b>
Energy		192,671	181,800
Cost of leased tracks		30,448	29,887
User rights payable		19,976	20,983
Equipment, supplies and other external expenses		873,263	851,381
Tax, duties and other payables		304,294	314,448
Payroll costs	12	2,591,463	2,541,900
Wages and salaries		1,828,452	1,796,819
Payroll-related costs		760,187	739,265
RATP employee benefit plan cost, net		2,825	5,815
Depreciation, amortisation and provisions		962,892	940,194
Other expenses		30,114	30,445
<b>Operating income</b>		<b>451,433</b>	<b>407,905</b>
Financial income		129,408	112,251
Financial expenses		280,596	270,283
<b>Income statement</b>	<b>13</b>	<b>(151,188)</b>	<b>(158,032)</b>
<b>Ordinary income</b>		<b>300,245</b>	<b>249,873</b>
Non-recurring income		99,159	57,322
Non-recurring expenses		140,446	123,631
<b>Non-recurring income and expense</b>	<b>14</b>	<b>(41,287)</b>	<b>(66,309)</b>
Profit-sharing		51,197	50,311
Income tax	15	(4,936)	(7,868)
<b>NET INCOME</b>		<b>212,697</b>	<b>141,121</b>



# Notes to the financial statements

## Year ended 31 December 2017

Unless otherwise stated, all amounts are presented in thousands of euros.

Régie autonome des transports parisiens (RATP) is a State-owned industrial and commercial public utility (EPIC) created by the law of 21 March 1948. It is a legal entity under public law, registered in the Paris Trade and Companies Register.

The aim of RATP is primarily to run a public transport service in Île-de-France and its purpose, fixed by French law No. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), is to manage the network infrastructure for public passenger transport services. This law:

- entrusted RATP with the role of managing the metro and RER network infrastructure (excluding the responsibilities conferred on SNCF Réseau) used for its operations as of 1 January 2010;
- specified that lines created before 3 December 2009 shall continue to be operated under the terms of the agreements effective as at that date and the agreements that shall be negotiated under the defined legal framework until 31 December 2024 for bus services, until 31 December 2029 for tramway services and until 31 December 2039 for other transport services (metro and RER). The operating rights granted to RATP are thus limited in duration, with renewal possible under the terms stipulated by law;
- set forth the framework governing the compensation of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

The Île-de-France transport offer is defined by the Syndicat des transports d'Île-de-France (commonly called Île-de-France Mobilités). RATP's activity as operator is governed by multi-year agreements with the Syndicat des transports d'Île-de-France. As part of these agreements, RATP undertakes to provide a benchmark transport service defined in terms of quantity and quality, and receives compensation based on the direct revenue and flat-rate contributions paid by the Syndicat des transports d'Île-de-France.

Pursuant to the French law of 3 June 2010 on Greater Paris transport integrated by ministerial order into the French Transport Code of 28 October 2010, RATP has held separate accounting records for metro and RER Infrastructure management (IM) and public passenger Transport operations (TO) since 1 January 2012. A balance sheet and income statement are prepared for each of these CGUs in the notes to the parent company financial statements (note 22).

RATP's financial statements are included in the consolidated financial statements of the RATP group.

The financial statements as at 31 December 2017 were approved by the Board of Directors at their meeting on 23 March 2018.

## 1 — Principles and accounting policies

RATP applies a customised Chart of Accounts (CoA) as approved by the inter-ministerial order of 21 March 1985 and the French National Accounting Board (Conseil national de la comptabilité). The customised CoA was prepared in accordance with the rules, principles and framework governing the French National Chart of Accounts.

It includes additional line items reflecting RATP's reporting and disclosure and management requirements and specific characteristics in terms of legal form and financing.

### 1.1 Property, plant and equipment and intangible assets

#### 1.1.1 Ownership regime governing assets capitalised by RATP

As of 1 January 2010, the French law on public passenger services by rail (hereinafter "the ORTF law") amended the ownership regime governing assets originally allocated to RATP or created by RATP by defining four asset categories:

- infrastructure assets, which are managed and owned by RATP;
- rolling stock and the related maintenance equipment (returnable (concession) assets), which have been owned by the Syndicat des transports d'Île-de-France since 1 January 2010. The Syndicat des transports d'Île-de-France will take possession of the assets once the operating rights expire. Implementation decree No. 2011-320 provides for the Syndicat des transports d'Île-de-France's purchase of these assets from RATP at their carrying amount net of grants, as reported in the RATP's (annual) financial statements, once the operating rights expire;
- other assets required for operations (reversionary (concession) assets), other than those mentioned in the previous two paragraphs, which are fully owned by RATP. Upon expiry of RATP's operating rights, the Syndicat des transports d'Île-de-France has the right to exercise a right of repossession on these assets;
- real estate and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.

Assets capitalised by RATP are recognised based on their ownership regime as follows:

	Infrastructure management	Transport operations		
Type of assets	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets
<b>Nature of assets</b>	Infrastructure assets.	Rolling stock and related maintenance equipment	Assets required for operations: <ul style="list-style-type: none"> <li>• bus stations;</li> <li>• equipment; etc.</li> </ul>	Assets allocated for administrative, social and training purposes.
<b>Ownership regime</b>	RATP owns these assets.	These assets belong to the Syndicat des transports d'Île-de-France as of 1 January 2010. RATP maintains control over them. The Syndicat des transports d'Île-de-France will take possession of the assets when the agreement expires.	RATP owns these assets. The Syndicat des transports d'Île-de-France holds a right to repossess these assets subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.
<b>Compensation arrangements during operating period</b>		Article 14 of French decree No. 2011-320 sets forth the arrangements governing the compensation payable by the Syndicat des transports d'Île-de-France to RATP for the assets.	The compensation principles and arrangements apply for the duration of the Syndicat des transports d'Île-de-France agreement 2012-2015.	
<b>Compensation arrangements upon expiry of operating rights</b>	NA	Article 14 of the French decree No. 2011-320 provides for the buyback of the assets at their carrying amount, net of any grants.	The agreement between the Syndicat des transports d'Île-de-France and RATP provides for the repossession of the assets at a value of zero for assets transferred to RATP at 1 January 2010, or at their carrying amount, net of grants for other assets.	NA

### 1.1.2 Intangible assets

Research and development costs associated with assets that are clearly separable, technically feasible and likely to generate future economic benefits are capitalised if they meet the criteria set forth in the generally accepted accounting principles. They are amortised based on the useful lives of the assets to which they relate. All other research and development costs are expensed.

Information systems acquired or developed by the company are capitalised. They comprise the following components:

- development and configuration costs, which are amortised over five to ten years, on the basis of the useful lives of the systems;
- software and equipment purchased to put the system in service, which are amortised over a three-year period.

### 1.1.3 Property, plant and equipment

RATP's fixed assets and the returnable (concession) assets provided by the Syndicat des transports d'Île-de-France are recorded at their historical (acquisition or production) cost, with the exception of those in operation at 31 December 1976, which were revalued pursuant to article 61 of the 1977 French Finance Act.

In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on the frequency of their replacement or renovation. As at 1 January 2005, the date of implementation of the component-based approach, RATP adopted the depreciated historical cost method.

Certain assets are funded by investment grants.

Pursuant to CRC regulation No. 2004-06 of the French Accounting Regulations Committee (Comité de la réglementation comptable), the costs of dismantling railway rolling stock are provisioned to offset the amount capitalised for the asset components, which are depreciated over the useful lives of the trains.

Provisions for depreciation are calculated using the straight-line method based on the useful lives of the assets, as defined by RATP technicians. The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

#### Spare parts

Spare parts are recognised as assets and valued at the historical unit cost. Spare parts managed in a computerised maintenance management system (CMMS) are valued at weighted average cost.

Depreciation of spare parts is calculated based on the depreciation schedule for the associated assets.



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#### 1.1.4 Depreciation period

Fixed assets are depreciated on a straight-line basis over their useful lives. The periods considered for the principal assets are as follows:

Buildings	Useful life
Building shell and brickwork	70 to 100 years
Building fixtures and fittings	6 to 30 years

Railway infrastructure	Useful life
Tunnels, stations and access ways	35 to 140 years
Fittings for stations and access ways	15 to 40 years
Tracks	10 to 50 years
Conductors, traction power supply for the metro system	5 to 50 years
Catenary systems for the regional express network (RER) and trams	15 to 50 years

Track signaling and assisted driving systems	Useful life
Automated train operating system (SAET)	5 to 35 years
Automated driving system	15 to 30 years
Track signaling	10 to 40 years

Rolling stock	Useful life
Rolling stock (rail)	20 to 40 years
Rolling stock (bus)	4 to 10 years
Company cars	5 years

Plant equipment, fixtures and fittings	Useful life
Elevators, escalators and moving walkways	10 to 40 years
Automatic gates, passenger turnstiles	10 to 20 years
Equipment to print, deliver and stamp tickets	5 to 10 years
Telecom equipment and alarms	5 to 15 years
Electrical installations	5 to 30 years
Transformers	10 to 100 years
Ventilation and air evacuation equipment	15 to 30 years
Air-conditioning systems	5 to 10 years
Sound and lighting equipment	10 to 30 years
Equipment and tooling	5 to 30 years
Other equipment and furniture	2 to 15 years

#### 1.1.5 Impairment of intangible assets and property, plant and equipment

The accounting principles also provide for impairment testing to assess whether there is any indication that an asset may be impaired. If there is an indication that a non-financial asset may be impaired, an impairment test is performed: the net carrying amount of the fixed asset is compared with its fair value, which is defined as the higher of an asset's market value and its value in use.

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the compensation arrangements for infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

The effects of the government CSG measures on the EBITDA, with the relevant wage compensation, and transformation of the CICE as reduction in social security contributions, led to the implementation of impairment tests for the RATP's CGUs (cash-generating units), Infrastructure management and Transport operations. The tests were carried out based on the value of the assets as at 1 January 2017. The allocation of these asset values between Infrastructure management and Transport operations was done according to the legal and regulatory provisions applicable to RATP.

The carrying amount of the assets tested in each CGU includes:

- fixed assets (depreciable property, plant and equipment and amortisable intangible assets) net of grants;
- working capital requirements.

The assumptions used to determine recoverable value were as follows.

The recoverable value of the assets corresponds to the value in use, which is determined on the basis of future cash flows net of tax, which were forecast using the following data:

- for 2017-2020:
  - for Transport operations and Infrastructure management, the flows were estimated on the basis of RATP's business plan approved by the State and based on the financial provisions of the agreement between the Syndicat des transports d'Île-de-France and RATP for 2016-2020, discounted as required by changes to interest rates,
  - furthermore, for Infrastructure management, note that revenue is allocated in accordance with the lease, on a flat-rate basis;
- beyond 2020:
  - RATP has renewed the current contract indefinitely, without taking into account the competition,
  - for TO, investment assumptions specific to rolling stock were accounted for until the returnable (concession) assets were returned to the Syndicat des transports d'Île-de-France,
  - for IM, the standard investment for renewal is estimated at €305 million,
  - finally, the corporate income tax savings were allocated only to IM only.



Terminal values were calculated based on standardised cash flows determined at the end of the period specified in the plan and projected indefinitely on the basis of a perpetual growth rate corresponding to the long-term estimated inflation rate. Concerning Transport operations, cash flows are projected until the end of the operating rights by estimating corresponding terminal values for each expiry date of the operating rights.

	CGUs	
	Infrastructure management	Transport operations
Method for determining the recoverable value	Value in use	Value in use
Discount rate	4.8%	Discount rate for rolling stock: 3.7% Rate for the other fully-owned assets and reversionary (concession) assets: 5.4%
Terminal growth rate	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was adopted for Transport operations rolling stock (returnable [concession] assets) given the compensation arrangements for these assets, *i.e.* 3.7%. For other assets used in Transport operations (fully-owned and reversionary [concession] assets), a discount rate of 5.4% was applied, in line with the rates used by the panel.

The results of the impairment tests performed resulted in substantial margins for both CGUs, €416 million for Infrastructure management and €159 million for Transport operations. Consequently, no impairment losses were recognised in the financial statements for the financial year.

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested at their value in IFRS:

- a +0.25% change in discount rate for the Infrastructure management CGU and +0.23% for the Transport operations CGU, which would bring into line the recoverable value and net carrying amount of each CGU;
- a –0.28% change in terminal growth rate for the Infrastructure management CGU and –0.14% for the Transport operations CGU, which would bring into line the recoverable value and net carrying amount of each CGU;
- a change of +€16 million in investment renewals for the Infrastructure management CGU and –€10 million for the Transport operations CGU, which would bring into line the recoverable value and net carrying amount of the CGU.

## 1.2 Financial assets

The gross value of financial assets comprises the purchase price and directly attributable acquisition costs. RATP includes conveyance stamp duties, fees, commissions and other taxes in the acquisition cost.

The net asset value of investments held is determined based on the net equity of the subsidiary, or for subsidiaries that hold equity investments themselves, based on the consolidated net equity of the sub-group and on the earnings outlook of the subsidiary or sub-group.

A provision for impairment is recognised, if the net asset value of the investment falls below its carrying amount.

## 1.3 Inventories

Inventories are stated at the lower of cost (including incidental acquisition costs) and net realisable value. Cost is calculated using the weighted average cost method.

Inventories are written down as required based on their turnover and economic life.

## 1.4 Receivables

Receivables are recorded at face value. A provision for impairment equal to the full amount of the receivable is recorded if there is any non-collection risk.

## 1.5 Bond redemption premiums

The cost of bond redemption premiums is amortised on a straight-line basis over the term of the bonds. However, if early repayment is decided before the date of the financial statements, related costs are amortised in full.

## 1.6 Equity

The equity contra-account entitled “Reserve for assets allocated to RATP” shown in liabilities essentially reflects the residual value at 1 January 1949 – when RATP was created – of the assets provided for use by RATP at that time and that remained on the balance sheet at 31 December 1976.

The revaluation surplus recorded under equity results from the revaluation performed in 1963 on the basis of 1959 data, and the revaluation of non-depreciable assets performed in 1978 on the basis of 1976.

RATP was formed by the act of 21 March 1948. However, no capital was transferred to it at that time. In 1986, the public authorities allocated capital of €283.3 million to RATP. The amount allocated was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.



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Income from investment grants is recognised based on the depreciation schedule of the associated assets, with the exception of grants received for land purchases, of which one tenth is recognised as income per financial year.

Tax-driven provisions relate:

- to the revaluation of depreciable assets performed in 1978 based on 1976 data. This provision is transferred to income in proportion to the depreciation and amortisation recognised for the corresponding assets;
- to special depreciation methods practiced since 1 January 2016.

## 1.7 Financial liabilities

Loans and borrowings are recorded on the balance sheet at their redemption value in euros.

## 1.8 Currency transactions

Balances denominated in foreign currencies are converted at the year-end exchange rate, with the exception of loans and borrowings that are fully hedged by currency swaps (cross currency swaps), which are presented at the hedged rate. All currency transactions are fully hedged.

If, at the date of the closing of accounts, the exchange rate impacts the amounts previously recorded in euros, adjustments are recorded under balance sheet liabilities if they reflect unrealised currency translation gains and under assets if they reflect unrealised currency translation losses. If unrealised currency translation losses are recorded, a foreign exchange contingency provision is also recorded.

## 1.9 Derivative financial instruments

RATP uses derivative financial instruments to manage its exposure to changes in interest rates and exchange rates (interest rate swaps and options, and cross currency swaps). Almost all the derivative instruments qualify for hedge accounting and are used to manage risk on debt.

The income and expense arising from the use of hedging instruments is recorded when the profit and loss from the hedged items is collected or incurred.

The difference between the interest receivable and the interest payable on swaps, caps and floors, and the premiums and net payments associated with these transactions are recorded as an adjustment to the interest expense over the term of the instruments.

Unrealised gains and losses arising from hedges on future purchases of diesel fuel (budgeted) are deferred and recognised in the income statement when the hedged transaction is settled. As in 2016, no transactions were undertaken on the commodities markets in 2017.

## 1.10 Trade payables

Prepayments to suppliers are reported under balance sheet assets.

## 1.11 Long-term employee benefits

RATP recognises provisions for long-term employee obligations including those relating to:

- industrial accidents and illnesses. RATP insures its current employees for industrial accidents and illnesses. The benefits paid compensate employees for the permanent physical or psychological damage incurred due to an accident or illness and any other negative effects on the employee's career. Only the benefits paid to current employees are classified as long-term employee benefits covered by a provision: €22 million (benefits to employees that are not active shall be categorised as off-balance sheet commitments);
- seniority bonuses (long-service rewards): €28.3 million;
- unemployment benefits: €8.7 million;
- long-term sick-leave: €3 million.

Employee benefits are measured using actuarial calculations based on assumptions regarding demographic variables (mortality, employee turnover, etc.) and economic variables (discount rate, salary increase rate, etc.).

The discount rate is based on the Bloomberg fifteen-year rate, which was 1.5% at 31 December 2017, and is same as the rate used at 31 December 2016.

The main actuarial assumptions are as follows:

	31/12/2017	31/12/2016
Discount rate	1.5%	1.5%
Inflation rate	2%	2%
Salary increase rate including inflation	2.2%	2.2%
Mortality table	TGH 05/TGF 05 TGH 05/TGF 05	
Turnover rate	0%	0%
Retirement age	See paragraph below	

Retirement age corresponds to the age at which employees leave the company to retire. Assumptions regarding retirement age are defined on an individual basis. They take into account the age at which employees are entitled to retire, the reform of the special pension scheme for RATP employees and the average retirement age per rank, calculated on the basis of retirements recorded over the last twelve months. The individual assumption corresponds to the maximum between the entitlement date and the average retirement age per rank calculated on the basis of retirements.

## 1.12 Leases and lease-purchase contracts

RATP's net present value for lease payments is recorded over the term of the leases. Details of the impact of lease transactions on the financial statements are shown in Note 17.

### 1.12.1 Leasehold

RATP carries out "leasehold" transactions. These financial engineering transactions grant the rights to use its assets through arrangements that enable foreign investors, particularly in the United States, to assume the economic ownership of the assets and thus amortise the assets and benefit from significant tax breaks.

Leased assets are recorded as fixed assets on RATP's balance sheet.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP has an early buyout option (EBO) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease.

Under French generally-accepted economic and accounting principles, a lease arrangement is not recognised as a sale during the term of the EBO.

The financial gain obtained by foreign investors is shared with RATP. The overall profit generated from each transaction is included in the down payment received when the contracts are signed. It is immediately used to reduce RATP's liabilities and is accounted for yearly and on a straight-line basis as extraordinary income and expense.

All associated costs, sub-lease payments, interest and principal are recorded in a single entry under non-recurring income and expense, in accordance with accounting principles on defeasance transactions.

The various contracts that make up each leasehold arrangement constitute separate transactions and are accounted for as such. As the assets and liabilities related to these leases generate cash flows that are fully offset in the balance sheet and income statement (lease receivables and payables), the overall profit generated by each transaction is reported in a single line as the net present value (NPV). The overall profit is recorded as deferred income when the contracts are signed and then is recognised as non-recurring income and expense on a straight-line basis over the duration of the contract.

As at 31 December 2017, there were seven agreements outstanding with two investors: Bank of America and State Street.

The risks assumed by RATP are limited to equipment ownership risk, risks relating to French legislation and counterparty risk on the deposits. Counterparty risk is managed:

- through defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totaled €87.4 million at 31 December 2017; or
- through collateral agreements, which require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a certain threshold. The balance of the corresponding deposits totaled €41.3 million at 31 December 2017; or
- through American treasury bonds: in July 2013, RATP replaced the remaining non-collateralised deposits and their associated letters of credit with American treasury bonds. The balance of these deposits totaled €60.6 million at 31 December 2017.

### 1.12.2 Swedish lease

The Swedish lease agreement is effective in the period prior to equipment delivery.

The investor pays the supplier the total value of the equipment. At the inception of the contract RATP sets up deposits to cover the lease payments and the equipment buyback option. The difference between the deposits and the value of the material represents the profit made by RATP.

The assets held under the Swedish lease have been recorded as long-term deposits.

The lease payments are recognised as operating expenses and the interest and deposits in financial income. Only the net present value is recorded as extraordinary income and expense. Net income is impacted by the deferred profit relating to the net present value and the theoretical depreciation of assets, if they are maintained on RATP's balance sheet.

### 1.12.3 Finance leases in connection with tramway developments

The Syndicat des transports d'Île-de-France and RATP have set up a finance lease arrangement for rolling stock for the T3E, T5, T6, T7 and T8 tramway lines. In the arrangement, RATP contracts a bank loan as lessee and the Syndicat des transports d'Île-de-France reimburses the associated lease payments. During the construction period, RATP pays the supplier. Once the tramways have been delivered, RATP transfers them to the bank. The finance lease is then set up. The Syndicat des transports d'Île-de-France will take over the finance lease in 2029.



## 1.13 Recognition of revenue and other income

### 1.13.1 Revenue generated by the agreement with Île-de-France Mobilités

Transport revenue is made up of three components:

- direct traffic revenue from transport users;
- IDFM's contributions:
  - the "C1" contribution to operations and public service obligations. This contribution comprises three parts: a flat-rate contribution covering operating expenses that are not covered by revenue from transport users; a contribution covering the exact amount of business, professional and property-related taxes and duties levied; and a contribution covering the difference between the indexing of the forecast direct revenue based on the methods used to calculate the flat-rate contribution and based on the IDFM's pricing decisions,
  - the "C2" contribution to finance investments (amortisation and interest),
  - a reward or penalty for quality of service, and potential fines if RATP fails to meet its contractual service coverage requirements,
  - a profit-sharing scheme with risks and gains shared between RATP and the Syndicat des transports d'Île-de-France based on the actual direct revenue generated compared with contractual revenue targets,
  - and "C4", a contribution to finance the acquisition of rolling stock for the T3, T5, T6, T7 and T8 tramway lines (reimbursing the exact amount of lease payments due).

This transport revenue is provided for under the terms of the 2016-2020 multi-year agreement concluded between the Syndicat des transports d'Île-de-France and RATP. The contributions are revalued every year by applying an indexing formula based on indices, pursuant to the provisions of the Syndicat des transports d'Île-de-France agreement.

The agreement between the Syndicat des transports d'Île-de-France and RATP contract provides for penalties in case of failure to meet the investment plan requirements. According to RATP, since the beginning of the contract, as a general rule the contractual clauses of the investment program have been adhered to.

Public prices are set by Île-de-France Mobilités, the transport authority. They constitute a public service obligation with which RATP must comply.

### 1.13.2 Income used to offset depreciation expenses

This item reflects income from reversals of investment grants and special revaluation provisions.

## 1.14 Taxes and duties

The main impacts are described in Note 15.

### 1.14.1 Tax consolidation

Since 2016, RATP has opted for the tax consolidation regime for the French subsidiaries in which it had a stake exceeding 95%, as stipulated in article 223-A of the French General Tax Code.

There are 61 companies in the company's tax consolidation scope. Under the tax consolidation agreements, the subsidiaries bear a tax expense equivalent to that which they would have incurred in the absence of consolidation. Tax consolidation income is acquired by RATP. In accordance with the tax consolidation agreements signed with companies which were previously the parent company of a tax consolidation, for 2016 and 2017, this income will be partially returned to the consolidated company in such a way that the change in the scope of tax consolidation is neutral for those companies which were parent companies of a tax consolidation before 2016.

### 1.14.2 Taxation of the Syndicat des transports d'Île-de-France flat-rate contributions

RATP contacted the French tax authorities (DLF) on 19 May 2009, requesting an analysis of the VAT system for contributions paid by Île-de-France Mobilités.

Since 2010, RATP has invoiced the Syndicat des transports d'Île-de-France without VAT in accordance with the analysis presented to the French tax authorities.

In 2015, the French tax authorities initiated a tax audit of RATP for financial years 2012 to 2014. In 2016, RATP received a reassessment proposal with respect to payroll tax. In April 2017, the investigation of RATP's appeal led to the closure of the audit without adjustment of these taxes.

## 1.15 Payroll costs

Since 1999, RATP has set up separate accounting for its transport business and its employee coverage.

This dual accounting system entails:

- for RATP's employee coverage, income statements for each type of risk covered (sickness, industrial accidents, unemployment);
- employer social security contributions comparable in level and function with those required in the public social security system.

This system as a whole is called the Social Security Accounting System (SSAS).

### 1.15.1 Overview of payroll costs in RATP's parent company financial statements

In order to facilitate the understanding and comparison of RATP's income statement with income statements prepared by other transport companies, the payroll costs related to the transport business have been presented in the same way as they are for companies under ordinary law, with two separate lines: "Wages and salaries" and "Payroll-related costs". RATP's social security service obligations are reported under the single line item "RATP employee benefit plan cost, net".

French decree No. 2015-1881 of 30 December 2015 relating to the special social security scheme for Régie autonome des transports parisiens was effective from 1 January 2016.

The aim of this decree is to bring the rules governing the special health insurance scheme of the Régie autonome des transports parisiens in line with the new rules resulting from the universal health protection system, both from the point of view of affiliation rules and financing rules.

In addition, it aims to overhaul the financing architecture of the health insurance plan. For RATP, the measure consists in replacing the current mechanism of bilateral compensation with an equilibrium allocation from the National Health Insurance Fund.

With this mechanism, RATP distinguishes between the expenses and income that fall under the public scheme (PUMA) and those that fall under the special scheme.

Regarding the ordinary law scheme, over and above expenses and income, an equilibrium allocation is paid or received by RATP in order to balance the outcome of the health insurance plan. The amount of this equilibrium allocation is determined at the end of each year.

Details on RATP's employee coverage obligations are provided in the table in Note 12, in the same way as for ordinary social security funds:

- the origin and amount of resources, in particular in terms of employer contributions;
- the amount of benefits paid to plan members;
- the equilibrium allocation to the public health insurance scheme;
- management costs.

### 1.15.2 Main characteristics of the social security accounts (SSAS)

#### Employer contributions

The Social Security accounts are mainly funded by the employer contributions recorded as "Payroll-related costs" in RATP's income statement. In terms of health insurance, as employee contributions have been replaced by the CSG tax paid to URSSAF, the RATP health insurance fund receives a percentage of the CSG tax collected.

#### Benefits

Benefits provided by RATP include:

- benefits in kind, such as the reimbursement of medical and hospital costs, medical tests and pharmaceuticals, and the services rendered by RATP's healthcare centers (*espaces santé*), etc., on the one hand;
- monetary benefits, such as wages and salaries paid to employees on sick leave (daily payments), death in service benefits, work-related accident and disability pensions, etc., on the other.

### 1.16 French tax credit on payroll costs (CICE)

The CICE is presented as a reduction in payroll costs. It is calculated according to current regulations.

RATP sold the CICE receivables of the tax-consolidated group for a net amount of €131 million on 15 December 2017, to a credit institution that became its owner. The receivables sold can no longer be charged against the tax.

### 1.17 Extraordinary income and expense

RATP recognises items that are material, non-recurring and not part of its normal operations in non-recurring income and expense.

Since 1 January 2016, RATP has applied special depreciation methods to categories of goods for which the tax authorities expressly accept a generally shorter duration of use than the useful life. Depending on the asset categories, the tax depreciation periods used are consistent with the periods defined by tax case law, the OECD report published in 1975, administrative legal theory and professional accounting plans.



## 2 — Property, plant and equipment and intangible assets

Position and changes	Gross value	Increase	Transfers	Decrease	Gross value
<b>Headings</b>					
<b>Intangible assets</b>					
Research and development costs	215,012		18,393		233,405
Lease rights	2,626				2,626
Other					
• Software in use	515,891		70,051	(2,667)	583,274
• Software in process	135,077	93,188	(61,635)		166,631
<b>TOTAL</b>	<b>868,606</b>	<b>93,188</b>	<b>26,810</b>	<b>(2,667)</b>	<b>985,936</b>
<b>Property, plant and equipment</b>					
Land	605,362		16,406	(335)	621,433
Buildings	10,619,952		467,654	(19,989)	11,067,617
Buildings on land not owned	95,728		812		96,540
Technical plant, equipment and industrial tooling	4,771,559	1,959	313,039	(2,864)	5,083,693
Transport equipment	8,169,961	25,092	399,946	(111,987)	8,483,012
Other	161,167		14,134	(265)	175,036
Work in progress	2,800,760	1,468,283	(1,238,800)		3,030,242
<b>TOTAL</b>	<b>27,224,489</b>	<b>1,495,334</b>	<b>(26,810)</b>	<b>(135,440)</b>	<b>28,557,573</b>

Position and changes	Accumulated depreciation at the beginning of the financial year	Increases: allocations during the financial year	Decreases during the financial year	Accumulated depreciation at the end of the financial year
<b>Headings</b>				
<b>Intangible assets</b>				
Research and development costs	55,635	8,669		64,304
Lease rights	1,499	35		1,533
Other	387,871	47,343	(1,587)	433,628
<b>TOTAL</b>	<b>445,005</b>	<b>56,047</b>	<b>(1,587)</b>	<b>499,465</b>
<b>Property, plant and equipment</b>				
Land	14,057	3,304		17,360
Buildings	4,442,133	263,016	(16,848)	4,688,193
Buildings on land not owned	89,431	1,216		90,648
Technical plant, equipment and Industrial tooling	2,998,884	222,679	(2,352)	3,219,210
Transport equipment	3,676,674	344,156	(102,257)	3,918,573
Other	124,065	11,269	(235)	135,101
<b>TOTAL</b>	<b>11,343,767</b>	<b>845,639</b>	<b>(120,322)</b>	<b>12,069,084</b>

Amount of depreciation appropriated in the income of the social security service:

Software (other intangible assets)	220
Buildings	14
Equipment and industrial tooling	183
Other	8
<b>TOTAL</b>	<b>426</b>

### 3 — Net financial assets

	31/12/2016	Increase	Decrease	31/12/2017
Equity investments	467,053	15,012		482,065
Receivables from equity investments	133,483	7		133,490
Receivables related to closed lease agreements	397,055	1,017	114,335	283,738
Swedish lease deposit receivables	48,028		3,794	44,234
Loans 1%	48,366		5,310	43,056
Other financial receivables	39,197		1,916	37,281
<b>TOTAL</b>	<b>1,133,182</b>	<b>16,037</b>	<b>125,354</b>	<b>1,023,865</b>

### 4 — Inventories

The gross value of inventories is as follows:

	31/12/2017	31/12/2016
Raw materials and consumables	232,490	231,627
Work in progress	3,353	4,541
Impairment	(50,922)	(50,323)
<b>TOTAL</b>	<b>184,920</b>	<b>185,845</b>

### 5 — Receivables

	31/12/2017					31/12/2016
	Gross amount	Provisions	Net amount	Asset liquidity degree		Net amount
				Maturities		
				At less than 1 year	More than 1 year	
Receivables						
Advances and down payments to suppliers	776		776	776		407
Trade receivables and related accounts	122,851	2,517	120,334	120,334	0	105,957
Receivables from the State and other public authorities	488,695		488,695	488,695	0	630,666
Other swaps	111,885	2,952	108,933	95,699	13,234	137,189
Lease receivables	560,111		560,111	8,552	551,558	675,164
Prepaid expenses	48,189		48,189	10,118	38,071	55,971
TOTAL	1,332,507	5,470	1,327,037	724,174	602,863	1,605,353





## 6 — Marketable securities and cash and cash equivalents

	31/12/2017	31/12/2016
UCITS	302,822	245,736
Long-term deposit	595,546	390,000
Cash collateral	245,400	342,200
Accrued interest	1,806	2,213
<b>MARKETABLE SECURITIES</b>	<b>1,145,574</b>	<b>980,149</b>

## 7 — Equity

### 7.1 Table of changes

	31/12/2016	Increase	Decrease	31/12/2017
Liabilities Reserve for assets allocated to	250,699	—	—	250,699
Revaluation surplus <sup>(1)</sup>	212,923	—	2,707	210,216
Capital endowment	433,367	—	—	433,367
Statutory reserves	184,519	—	—	184,519
Reserves from sale of real property assets before 01/01/2010	52,255	—	—	52,255
General reserve	57,925	—	—	57,926
Retained earnings	2,937,505	141,121	—	3,078,626
Net income <sup>(2)</sup>	141,121	212,697	141,121	212,697
<b>Equity excluding investment grants and regulated provisions</b>	<b>4,270,314</b>	<b>353,818</b>	<b>143,828</b>	<b>4,480,305</b>
Investment grants	5,962,650	721,089	285,438	6,398,301
Regulated provisions <sup>(1)</sup>	457,036	91,769	22,913	525,891
<b>TOTAL</b>	<b>10,690,000</b>	<b>1,166,676</b>	<b>452,179</b>	<b>11,404,498</b>

(1) Details on the revaluation surplus are provided in the note below and mainly concern land and revaluation surplus from 1963 (1959 base).

(2) Net income for 2016 was allocated to retained earnings.

## 7.2 Revaluation surplus

### 7.2.1 1976 revaluation

Headings	Position and changes					
	Surplus at opening		Variation in surplus during the year		Surplus at closing of the year	
	Gross value of fixed assets	Accumulated depreciation or provisions	Retired assets	Depreciation, amortisation and provisions	Gross value of fixed assets	Accumulated depreciation or provisions
<b>Property, plant and equipment</b>						
Land	217,179	12,828	(1,312)	1,394	215,866	14,223
Buildings	1,170,625	803,503	(1,076)	7,326	1,169,549	810,829
Technical plant, equipment and industrial tooling	16,806	16,806	(17)	(17)	16,789	16,789
Transport equipment	29,684	29,684	(1,292)	(1,292)	28,392	28,392
Other	506	21			506	21
	<b>1,434,800</b>	<b>862,842</b>	<b>(3,698)</b>	<b>7,411</b>	<b>1,431,102</b>	<b>870,253</b>
<b>Financial assets</b>	<b>15</b>				<b>15</b>	
Equity investments	15				15	
<b>TOTAL</b>	<b>1,434,816</b>	<b>862,842</b>	<b>(3,698)</b>	<b>7,411</b>	<b>1,431,117</b>	<b>870,253</b>
					<b>Net exposure:</b>	<b>560,864</b>

### 7.2.2 1959 revaluation

The revaluation surplus from 1959 amounted to €8,557 million in 2017.



## 8 — Provisions for contingencies and expenses

Position and changes	Provisions at the beginning of the year	Other swaps reclassification	Increase: additions for the year	Decrease: reversals for the year		Provisions at the end of the year
Headings				reversals utilised	adjustments	
Regulated provisions	367,608		0	8,408	(5)	359,205
Provisions for special depreciation	89,428		79,359	2,101		166,686
<b>TOTAL</b>	<b>457,036</b>		<b>79,359</b>	<b>10,509</b>	<b>(5)</b>	<b>525,891</b>
<b>Provisions for contingencies and expenses</b>						
Provisions for contingencies						
• Provisions for litigation <sup>(1)</sup>	37,911		5,783	3,490	14,852	25,351
• Provisions for non-industrial accidents	74,415		39,175	20,135	9,069	84,386
• Provisions for operating or financial liabilities	4,802		304	489	0	4,618
• Other provisions for non-recurring liabilities	68		302	274	0	96
	<b>117,196</b>		<b>45,564</b>	<b>24,389</b>	<b>23,921</b>	<b>114,450</b>
Provisions for losses and expenses						
• Provisions for non-recurring expenses <sup>(2)</sup>	131,052	927	8,351	6,744	0	133,586
	<b>131,052</b>	<b>927</b>	<b>8,351</b>	<b>6,744</b>	<b>0</b>	<b>133,586</b>
<b>TOTAL</b>	<b>248,248</b>	<b>927</b>	<b>53,915</b>	<b>31,133</b>	<b>23,921</b>	<b>248,037</b>
<b>Provisions for impairment</b>						
Property, plant and equipment	1,477		0	108	0	1,370
Financial assets	40,304		3,598	724	0	43,178
Inventories	50,323		6,081	0	5,482	50,922
Trade receivables and related accounts	4,098		266	1,018	829	2,517
Marketable securities	0		8	0	0	8
Other	3,896		537	896	583	2,952
<b>TOTAL</b>	<b>100,098</b>		<b>10,490</b>	<b>2,747</b>	<b>6,894</b>	<b>100,947</b>

(1) These provisions are for commercial, industrial and employee-related litigation or disputes.

(2) These provisions essentially cover the cost of decommissioning railway rolling stock and long-term employee benefits.

The company is not subject to injunctions or pecuniary sanctions for anti-competitive practices.

## 9 — Loans and borrowings

	Gross amount	Maturities		
		<1 year	Between 1 and 5 years	More than 5 years
Loans and borrowings				
Île-de-France loans	207,649	20,309	65,828	121,512
Bond issue				
• Eurozone financial markets <sup>(1)</sup>	4,850,000	650,000	1,200,000	3,000,000
• International financial markets	297,163		297,163	
• “Tick’épargne” borrowings	159,262	159,262		
Borrowings from and liabilities to credit institutions				
• Borrowings	28,884	3,595	18,757	6,532
• Short-term bank loans	117,421	117,421		
• Postal check	36	36		
Other loans and borrowings	1,295,960	1,268,212	9,220	18,529
Accrued interest	105,466	105,466		
<b>TOTAL</b>	<b>7,061,842</b>	<b>2,324,195</b>	<b>1,004,323</b>	<b>3,733,324</b>

(1) Under its Euro medium-term note (EMTN) program, RATP issued a new Green Bond loan with a nominal amount of €500 million in June 2017, maturing in May 2027 and bearing a fixed interest of 0.875%.

### 9.1 Net debt (excluding accrued interest)

	31/12/2017	31/12/2016
<b>Financial assets (A)</b>	<b>1,537,630</b>	<b>1,410,385</b>
Loans to subsidiaries <sup>(1)</sup>	133,300	133,300
Lease deposit receivables	54,690	94,975
Marketable securities <sup>(2)</sup>	898,380	635,736
Cash collateral investment	245,400	342,200
Cash and cash equivalents <sup>(2)</sup>	205,860	204,174
<b>Loans and borrowings (B)</b>	<b>6,701,520</b>	<b>6,793,395</b>
Île-de-France loans	207,650	228,063
Borrowings from financial markets	5,147,160	4,924,627
Tick’épargne loan <sup>(3)</sup> (bonds and commercial paper)	286,260	326,144
Borrowings from and liabilities to financial institutions	117,460	152,265
Commercial paper	879,390	972,996
Collateral	63,600	189,300
<b>NET FINANCIAL DEBT (B – A)</b>	<b>5,163,890</b>	<b>5,383,010</b>

(1) Back-to-back financing with commercial paper.

(2) Excluding financial assets allocated to lease transactions.

(3) Of which Tick’épargne commercial paper.

### 9.2 Derivative instruments

RATP uses financial instruments to manage its exposure to interest rate risk. All financial instruments are used to back both debt and investments.

Consequently, and in accordance with accounting best practices, RATP only records accrued interest on derivatives.



## 9.2.1 Exposure to interest rate risk

The interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate portion of the liability (Île-de-France loans), based on changes in interest rates. The modulation is obtained by implementing or canceling interest rate swaps and options.

We issued €150 million of pre-hedges to guard against the volatility of the rates for 2018.

### Swaps at 31 December 2017

#### Derivatives by maturity

In millions of euros	31/12/2017	31/12/2016
Pre-hedge swaps		
Maturity (1-5 years)	150	
Maturity >5 years		
Cross currency swaps on long-term borrowings		
Maturity (1-5 years)	297	574
Maturity >5 years		
Interest rate swaps on leases and housing loans		
Maturity (1-5 years)	29	32
Maturity >5 years	16	17
<b>TOTAL</b>	<b>492</b>	<b>623</b>

#### Derivatives by type

In millions of euros	31/12/2017	31/12/2016
A – Swaps on long-term borrowings and housing loans		
1) Floating to fixed swaps (excluding currency swaps)		
2) Swaps on short-term interest rates	29	32
Swaps on long-term interest rates	16	17
Swaps (pre-hedge)	150	
3) Other swaps		
Cross currency swaps	297	574
B – Swaps on short-term borrowings	0	0
<b>TOTAL</b>	<b>492</b>	<b>623</b>

The tables above do not take into account the notional amount of the asset swaps on the 1999 leasehold transaction for which there is no interest rate risk.

Breakdown of bonds and commercial paper at 31 December 2017 (in millions of euros), excluding those relating to the corporate savings plan:

Excluding derivatives		Including derivatives	
Bonds	5,147	Bonds	5,147
At fixed rate	5,147	At fixed rate	5,147
At floating rate	0	At floating rate	0
Commercial paper	879	Commercial paper	879
At fixed rate	879	At fixed rate	879
At floating rate	0	At floating rate	0

Hedging transactions at the end of December 2017 generated a net financial loss of 3.15 million relating mainly to deferred recognition of net cash payments and premiums.

## Sensitivity of the floating rate financial liabilities at 31 December 2017

There is no short-term sensitivity. The outstanding amount in commercial paper is €879 million, excluding the corporate savings plan. It is invested in money market UCITS investments, marketable debt securities and security deposits.

## Valuation of the portfolio of derivative financial instruments

The market value of derivative financial instruments corresponds to the amounts that would have to be paid (–) or received (+) to unwind the instruments. The market values of derivatives have been determined based on prices quoted by banks and financial institutions which are counterparties of the RATP.

	Market value at 31/12/2017 (in millions of euros)
Foreign exchange swap	–4.5
Swaps (excluding currency swaps)	–8.6
Cross currency swaps	+102
<b>TOTAL</b>	<b>88.9</b>

NB: The exchange rate leg of the cross currency swaps is offset by the exchange rate leg of the underlying bonds. RATP is not exposed to exchange rate risk.

These instruments are not reported on the balance sheet.

## 9.2.2 Exposure to exchange rate risk

RATP issues loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged using cross currency swaps.

The table below shows the currency derivative instrument positions at 31 December 2017 with regard to the hedged currency debt.

Debt issued		Currency swaps			
		Pay		Receive	
Amount of foreign currency (in thousands)	Currency	Amount of foreign currency (in thousands)	Currency	Amount of foreign currency (in thousands)	Currency
465	CHF	465	CHF	297	EUR

## 9.2.3 Exposure to risk of commodity price increase

RATP hedges increases in commodity prices for diesel against the risk of price increases and/or therefore against any rise of the dollar against the euro.

RATP carries out commodity hedges (diesel) for its subsidiaries; as at 31 December 2017, this position amounted to €11.5 million.

# 10 — Other liabilities

	Gross amount	Maturities		
		<1 year	Between 1 and 5 years	More than 5 years
Accounts payable				
Advances and down payments received	14	14		
Trade and related payables	259,107	259,107		
Payables for assets and related accounts	467,024	467,024		
Other liabilities	178,214	108,479	69,735	
Lease payables	563,794	351,014		212,780
Prepaid income	66,363	41,411	4,757	20,195
<b>TOTAL</b>	<b>1,534,515</b>	<b>1,227,810</b>	<b>74,492</b>	<b>232,975</b>



## 11 — Revenue

### 11.1 Breakdown of revenue

	31/12/2017	31/12/2016
Transport revenue (excluding Orlyval)	2,359,513	2,183,493
Bandwidth (risks shared with the Syndicat des transports d'Île-de-France)	(29,977)	8,636
<b>RATP direct revenue</b>	<b>2,329,536</b>	<b>2,192,129</b>
Service quality bonus	11,301	10,245
Bus bonus after deductible	1,000	1,000
C11 – contribution to operating expenses	1,035,652	1,094,219
C12 – contribution to taxes and duties	108,414	111,160
C13 – contribution to difference between revenue index under C11 and pricing decisions	(75,629)	(28,266)
C2 – contribution to financing of investments	940,844	914,855
C4 – specific contribution to financing of rolling stock	11,113	10,534
Other transport revenue	47,722	46,177
Penalties (services + validation + incentives)	(9,025)	(9,642)
<b>1 – Transport revenue excluding VAT</b>	<b>4,400,928</b>	<b>4,342,411</b>
<b>2 – Transport-related revenue excluding VAT</b>	<b>150,170</b>	<b>140,196</b>
of which penalties and fines	33,275	24,772
<b>3 – Other service revenue and sales of residual products</b>	<b>166,431</b>	<b>169,513</b>
<b>REVENUE</b>	<b>4,717,529</b>	<b>4,652,119</b>

### 11.2 Transport revenue excluding VAT allocated by ticket type

All networks	31/12/2017 excluding VAT	In %	31/12/2016 excluding VAT
<b>RATP networks: Metro, RER and Bus</b>	<b>2,359,513</b>	<b>100.0</b>	<b>2,183,493</b>
Weekly, monthly and annual Navigo travel passes	1,493,032	63.3	1,375,266
Other subscriptions (policy, amethyst)	94,632	4.0	94,570
Tickets	694,021	29.4	641,315
Flat-rate travel cards (Mobilis, youth tickets, travel passes for conference goers)	26,019	1.1	24,955
Unsubsidised tickets (Paris Visite, Orlybus, Roissybus)	50,875	2.2	47,387
Other	934	0.0	0
<b>ALL NETWORKS</b>	<b>2,359,513</b>		<b>2,183,493</b>



## 12 — Payroll costs

### 12.1 RATP social security income statement

	Net income 2017	Net income 2016
<b>Health insurance plan</b>		
Standardised employer contributions – PUMA	180,729	178,327
CNSA PUMA contribution	1,935	
Transfers received from CSG tax collected (ACOSS) and employee contributions	107,040	103,083
Third-party recovery	666	1,177
CAP PUMA reversals	7,700	
Healthcare expenses including PUMA healthcare centers ( <i>espaces santé</i> PUMA)	(301,064)	(276,422)
Overheads – PUMA	(11,620)	(10,900)
PUMA equilibrium allocation	14,615	4,735
RATP social welfare contributions – Health insurance excluding PUMA	75,848	77,436
Other contributions and transfers received excluding PUMA	1,747	1,728
CNSA contribution (for disabled transport users) excluding PUMA		1,798
Cash benefits excluding PUMA	(67,112)	(71,813)
Special scheme expenses	(6,542)	(6,778)
Overheads excluding PUMA	(3,861)	(4,410)
<b>NET SURPLUS (DEFICIT) OF THE HEALTH INSURANCE PLAN</b>	<b>80</b>	<b>(2,041)</b>
<b>Work-related accident insurance plan</b>		
Employer contributions	39,116	36,863
Special scheme contributions (including contr. to the industrial accidents fund)	(559)	(38)
Benefits in kind and allowance for industrial accidents (AT)	(17,488)	(16,801)
Cash benefits and paid leave	(17,432)	(17,385)
Management expense (net)	(3,930)	(4,106)
<b>NET SURPLUS (DEFICIT) OF THE INDUSTRIAL ACCIDENT INSURANCE PLAN</b>	<b>(294)</b>	<b>(1,467)</b>
<b>Unemployment allowance plan</b>		
Employer contributions	11,971	9,360
Benefits	(14,320)	(11,259)
Management expense (net)	(262)	(408)
<b>NET SURPLUS (DEFICIT) OF THE UNEMPLOYMENT ALLOWANCE PLAN</b>	<b>(2,611)</b>	<b>(2,308)</b>
<b>RATP SOCIAL SECURITY NET SURPLUS (DEFICIT)</b>	<b>(2,825)</b>	<b>(5,816)</b>

In the 31 December 2017 balance sheet, the position of receivables and payables for health insurance (PUMA) is as follows:

- receivables: €37 million;
- payables: €17.9 million;
- this produces a net exposure of €19.1 million.



## 12.2 Average number of employees paid by the company during the year

	31/12/2017	31/12/2016	Changes	
			In number	In %
<b>Average number of employees</b>	<b>44,054</b>	<b>43,981</b>	<b>73</b>	<b>0.2</b>
Breakdown by category:				
• Executives + managers	11,345	11,353	(8)	-0.1
• Operators	32,709	32,628	81	0.2
Breakdown by contract:				
• Permanent	41,353	41,674	(321)	-0.8
• Fixed-term contract	2,701	2,307	394	17.1

## 12.3 Compensation of directors and executive officers during the year

In thousands of euros	2017	2016
Members of the Board of Directors	10	10
Compensation of the 10 highest paid persons	2,530	2,509

## 13 — Net financial expense

	31/12/2017	31/12/2016
Net finance costs	(166,994)	(168,198)
Dividends	9,501	10,655
Other financial expenses	(23,734)	(41,541)
Other financial income	30,039	41,052
<b>TOTAL</b>	<b>(151,188)</b>	<b>(158,032)</b>

## 14 — Extraordinary income and expense

	31/12/2017	31/12/2016
Special depreciation net of grants	(58,051)	(70,914)
Transfer to income of property grants (1/10)	8,173	5,684
Loss on disposal and retirement of assets	3,594	(4,331)
Proceeds from financial engineering <sup>(1)</sup>	1,507	834
Indemnities received	1,717	7,557
Provisions for restoration of leased sites	(178)	(3,968)
Miscellaneous	1,951	(1,171)
<b>TOTAL</b>	<b>(41,287)</b>	<b>(66,309)</b>

(1) See table 17.

## 15 — Income tax and tax position

### 15.1 Corporate income tax

In accordance with current tax practices, RATP carried out a revaluation of its assets and liabilities in order to present an opening balance sheet at 1 January 2016. This revaluation took the gross value of the balance sheet assets to €28,098 million, versus a carrying amount of €19,577 million. The revaluation surplus of €8,521 million (including equity interests) is monitored on a non-accounting basis and generates additional deductible tax depreciation every year.

The grants allocated to the income statement relating to grants called before 1 January 2016, *i.e.* €5,446 million, are considered to be non-taxable. The rate of grants is identical to that of the tax depreciation recorded.

Reversals in existing asset and liability provisions at 1 January 2016 will be treated fiscally without deviating from common law. A provision that would have been tax deductible will be taxed at the time of its reversal and vice versa.

RATP's tax expense can be broken down as follows:

	31/12/2017	31/12/2016
RATP's tax expense	0	0
Net tax consolidation proceeds	2,353	6,311
Tax credit	2,583	1,556
<b>TOTAL</b>	<b>4,936</b>	<b>7,867</b>

For 2017, the application of the Group's tax system is reflected in RATP's parent company accounts as a net tax saving of €2.4 million for the subsidiaries. For 2017, the Group's tax credit share in favor of RATP amounts to €2.6 million.

### 15.2 Deferred taxes

Deferred taxes are not recognised in the parent company financial statements.

The principal deferred taxes are:

In millions of euros	Base 01/01/2016 Deferred tax assets	Deferred tax assets 01/01/2016	Base 31/12/2016 Deferred tax assets	Deferred tax assets 31/12/2016	Base 31/12/2017 Deferred tax assets	Deferred tax assets 31/12/2017
Remeasuring assets	7,762	2,672	7,444	2,563	7,280	2,402
Non-taxable grants	5,446	1,856	5,171	1,780	4,940	1,630
Other temporary differences	353	122	423	146	291	96

In millions of euros	Base 01/01/2016 Deferred tax liabilities	Deferred tax liabilities 01/01/2016	Base 31/12/2016 Deferred tax liabilities	Deferred tax liabilities 31/12/2016	Base 31/12/2017 Deferred tax liabilities	Deferred tax liabilities 31/12/2017
Temporary differences	160	55	168	58	112	37

The amount related to the fiscal deficit for the year amounts to €247 million.

Within the tax consolidation group, the amount related to fiscal deficits for the year amounts to €289 million.

### 15.3 Non tax-deductible sumptuary expenses

During the previous year, no sum was recorded as a non-tax-deductible expense or charge referred to in article 39-4 of the French General Tax Code (in accordance with article 223 *quater* of the French General Tax Code).

### 15.4 General non tax-deductible expenses

During the previous year, RATP did not record any non-tax-deductible expense pursuant to article 39-4 of the French General Tax Code.



## 16 — Off-balance sheet financial commitments

Commitments given	31/12/2017	31/12/2016
<b>1. Subsidiaries and equity investments</b>		
Guarantee for Logis-Transports	611	737
RATP Dev commodity hedges	11,527	17,180
<b>2. Not-for-profit entities</b>		
Compagnons du voyage	100	0
RATP Foundation	1,650	1,100
<b>3. Employee benefits</b>		
Employee loans: guarantee for MCS	493	686
Employees: "Low income housing" guarantees	141,467	161,498
Retirement benefits	238,362	234,424
Death indemnities for current employees	16,362	16,270
Death indemnities for retirees	40,232	41,526
Industrial accident and disability allowance for retirees and those with vested rights	303,278	296,447
Early retirement (benefits)	2,840	3,253
<b>4. Financial transactions</b>		
Cross currency swaps on bonds <sup>(1)</sup>	297,170	574,627
Cross currency swaps on deposits	54,693	94,975
Foreign exchange swaps on commercial paper	399,389	405,997
Lease transactions: sub-leases of rolling stock	188,810	208,180
<b>TOTAL</b>	<b>1,696,984</b>	<b>2,056,900</b>
<b>Commitments received</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Cross currency swaps on bonds <sup>(1)</sup>	297,170	574,627
Cross currency swaps on deposits	54,693	94,975
Foreign exchange swaps on commercial paper	399,389	405,997
Commodity hedge transactions	11,527	17,100
Bank guarantees received from suppliers	315,156	365,568
<b>TOTAL</b>	<b>1,134,721</b>	<b>1,458,267</b>

(1) RATP has opted to account for swaps in the same way as traditional loans and borrowings.

The discount rate used to calculate post-employee benefits was 1.50% as at 31 December 2017. This rate was same as 31 December 2016.

## 17 — Train lease transactions and sub-leases (leaseholds)

### 17.1 American leasehold transactions in thousands of euros

#### Effect on the balance sheet as at 31 December 2017

In thousands of euros	31/12/2016	31/12/2017
Lease receivables	675,164	560,111
Lease payables	680,259	563,794
<b>OUTSTANDING NPV</b>	<b>5,095</b>	<b>3,683</b>
Change in NPV = effect on 2017 net income		1,412

Leases generated income of €1,412 thousand in 2017. The effects are recognised as extraordinary income and expense.

### 17.2 Swedish lease

#### Effects on cash position on lease signature date <2004

Lease (in thousands of euros)	
Swedish lease tranche 1 completed in 2002	620
Swedish lease tranche 1 completed in 2004	118
Swedish lease tranche 2 completed in 2004	1,444
<b>RATP NET GAIN</b>	<b>2,182</b>

Leases generated income of €125 thousand in 2017. The effects are recognised as non-recurring income.

## 18 — Leases

RATP has two real estate lease-purchase contracts with floating rate payments. They are covered by fixed-rate hedging instruments. The figures presented below include the hedges.

Lease (in thousands of euros)	Original value	Term	Residual value as at 31/12/2017
Philidor Maraîchers	25,308	25	16,801
Lagny offices	12,106	15	10,090

### Leased assets

Balance sheet item (in thousands of euros)	Depreciation/amortisation			Net value
	Initial cost	for the year <sup>(1)</sup>	accumulated <sup>(1)</sup>	
Land	2,840			2,840
Buildings	39,910	1,039	19,728	20,182
Technical plant, equipment and industrial tooling				
Other plant, property and equipment	767	147	329	438
Fixed assets in progress				
<b>TOTAL</b>	<b>43,517</b>	<b>1,186</b>	<b>20,057</b>	<b>23,460</b>

(1) Depreciation for the period and the accumulated depreciation that would have been recorded if RATP owned these assets.



## Lease commitments

Balance sheet item	Lease payments		Outstanding lease payments			Residual price
	for year	accumulated	up to 1 year	+1 to 5 years	+5 years	
Land					2,840	0
Buildings	2,460	16,818	2,752	15,451	12,998	2,287
Technical plant, equipment and industrial tooling						
Other plant, property and equipment	147	329		438		0
Fixed assets in progress						
<b>TOTAL</b>	<b>2,607</b>	<b>17,147</b>	<b>2,752</b>	<b>15,889</b>	<b>15,838</b>	<b>2,287</b>

## 19 — Statutory Audit fees

Details of the Statutory Audit fees charged for the statutory audit are as follows:

	KPMG	Mazars
Statutory Audit	256,766	263,597
Work/services directly related	129,240	63,600
<b>TOTAL</b>	<b>386,006</b>	<b>327,197</b>

## 20 — Subsidiaries and equity investments

### 20.1 Breakdown of subsidiaries

The table below provides financial information on the companies in which RATP holds more than 20% interest or gross investments of more than €1.5 million.

Position as at 31 December 2017	Share capital	Additional paid-in capital	% interest held by RATP	Carrying amount of shares		Loans and advances granted by RATP and not yet repaid <sup>(1)</sup>	Guarantees given by RATP	Revenue excluding VAT at end December 2017	Provisional net income at end December 2017	Dividends received by RATP in 2017
				Gross	Net					
1. Subsidiaries										
SEDP 12, avenue du Val-de- Fontenay – Le Périphère II 94120 Fontenay-sous-Bois (Siren 380 038 687)	459	2,132	100.00	457	457	0		11,631	548	300
RATP Développement 54, quai de la Rapée 75599 Paris Cedex 12 (Siren 389 795 006)	347,301	14,906	100.00	359,499	359,499	128,000		45,726	(1,123)	0
Logis-Transports 158, rue de Bagnolet 75020 Paris (Siren 592 025 811)	32,640	262 287 <sup>(1)</sup>	99.99	33,126	33,126	0	611 <sup>(1)</sup>	63 382 <sup>(1)</sup>	8 034 <sup>(1)</sup>	0
Promo Métro 35, boulevard Sébastopol 75001 Paris (Siren 712 029 099)	910	1,946	100.00	2,619	2,619	0		4,630	760	1,024
RATP International 54, quai de la Rapée 75599 Paris Cedex 12 (Siren 419 997 044)	69,779	20,947	100.00	84,791	84,791	5,300		30	1,730	2,976
Telcité 1, avenue Montaigne 93160 Noisy-le-Grand (Siren 411 759 962)	1,525	15,749	100.00	1,524	1,524			19,441	5,183	5,200
2. Other equity investments										
Other				401	49					

(1) Latest data available: 31 December 2016.





## 20.2 Items with related parties

Related parties concern companies included in the tax consolidation.

Details of the principal transactions with related companies and the amounts due to or by these related companies are given below:

	31/12/2017	31/12/2016
<b>Assets</b>		
Financial assets	632,697	617,935
Trade receivables and related accounts	12,678	7,991
Other receivables	6,845	21,901
<b>TOTAL</b>	<b>652,220</b>	<b>647,828</b>
<b>Liabilities</b>		
Trade and related payables	11,447	10,460
Payables for assets and related accounts	11,259	0
Other liabilities	630	16,222
<b>TOTAL</b>	<b>23,336</b>	<b>26,682</b>

## 20.3 Acquisition of equity interests and major takeovers

Pursuant to the provisions of article L. 233-6 of the French Commercial Code (*Code de commerce*), RATP did not acquire an equity interest in any France-based company during the previous year.

Pursuant to the provisions of article L. 233-6 of the French Commercial Code (*Code de commerce*), RATP did not take over any France-based company during the previous year.

## 20.4 Inter-company loans

During the previous year, RATP did not grant any loans on an ancillary basis of less than two years to micro-enterprises, SMEs or midsize companies with which it has economic ties to justify such loans (article L. 511-6 of the French Commercial Code – *Code de commerce*).

## 21 — Economic interest groups

Position as at 31 December 2017	Contribution to overheads
<b>EURAILTEST</b> 1, boulevard Saint-Martin 75003 Paris (Siren 421 526 468)	10%
<b>COMUTITRES</b> 21, boulevard Haussman 75009 Paris (Siren 433 136 066)	59.50%

## 22 — Separate financial statements for Transport operations and Infrastructure management

Pursuant to the French law of 3 June 2010 on Greater Paris transport integrated by ministerial order into the French Transport Code of 28 October 2010, RATP has held separate accounting records for metro and RER Infrastructure management and public passenger Transport operations since 1 January 2012. A balance sheet and income statement are prepared for each CGU in the notes to the parent company financial statements. The scope of each CGU, the allocation principles for asset and liability items and income and expense items, and the key principles governing financial relations between these two CGUs are specified below.

### 22.1 Scope

#### 22.1.1 Metro and RER Infrastructure management

The French ORTF law of 8 December 2009 on public passenger transport services by rail entrusted RATP with the role of managing the railway network infrastructure used for public passenger transport services in the Île-de-France region, within the limits of the responsibilities allocated to Réseaux Ferrés de France.

RATP's main responsibilities are as follows:

- develop, maintain and renovate the metro and RER infrastructure and guarantee the safety, interoperability and continuity of public transport services at all times;
- manage the control, regulation and security systems of railway lines and networks in the Île-de-France region;
- adapt the lines, infrastructure and facilities for which it provides technical management to meet the needs of users through enhanced interoperability.

To segregate this CGU, RATP has a separate department within the company. Infrastructure management reports directly to the President and CEO.

The support functions used by this CGU are not included in its scope.

## 22.1.2 Public passenger Transport operations

The scope of Transport operations comprises the activities that are not related to Infrastructure management, as defined by law.

The CGU is operated by 19 departments, each of which reports to the directors of the Executive Committee. Each director is responsible for one of the following divisions:

- transport operations and maintenance;
- services, customer relations, passenger areas;
- projects, engineering and investments;
- economic and financial performance;
- strategy and coordination;

## 22.2.1 Balance sheets

### 22.2.1.1 Assets, investment grants and the 1976 statutory remeasurements

Property, plant and equipment and intangible assets are allocated directly in accordance with the scopes defined for each CGU.

Schedule of allocation of main asset types:

Assets	Transport operations	Infrastructure management
Tramway lines, maintenance workshops, rectifier stations	X	
Metro lines, maintenance workshops, rectifier stations		X
RER lines, maintenance workshops, rectifier stations		X
Centralised control rooms		X
Bus stations	X	
Bus routes with dedicated lanes	X	
Bus stations	X	
Administrative buildings	X	
Personnel buildings	X	
Logistic platforms	X	
Maintenance workshops for railway infrastructure and related technical work		X
Passenger rolling stock	X	
Passenger rolling stock maintenance equipment	X	
Metro and RER maintenance vehicles		X
Tramway maintenance vehicles	X	

- communication and brand;
- payroll management and innovation.

The support functions are included in the scope of this CGU, including those provided to the Infrastructure management CGU, which are subject to internal transfer agreements.

Investments in subsidiaries are also part of this CGU.

## 22.2 Allocation principles

The key principle for preparing the balance sheet and income statements is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one CGU and have initially been recognised as such, internal transfers between the two CGUs are arranged to bill the CGUs appropriately, in accordance with general practice. Such agreements govern the scope of the transfers, the valuation principles and the invoicing methods.



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Investment grants, revaluation surplus and revaluation provisions are allocated to the associated assets.

RATP is in charge of projects underway on transport network extensions due to its responsibility for the public passenger Transport operations, as legal and regulatory provisions have not given the Infrastructure management CGU the responsibility for building new networks. Once the metro and RER network extensions are built and formally accepted, the relevant assets and liabilities are transferred to Infrastructure management. At year end, these projects amounted to €13 million net of investment grants.

#### 22.2.1.4 Equity and net debt

As at 1 January 2012, net debt and equity were allocated according to the separate “net debt/equity” gearing ratios determined for the Infrastructure management and Transport operations CGUs. The levels were determined in line with target long-term gearing ratios and observed market data for each CGU.

The values as at 1 January 2012 were as follows:

In millions of euros		Transport operations	Infrastructure management	RATP
Net assets allocated	A	3,835	3,941	7,776
<i>In %</i>		49	51	100
Net debt	B	(2,272)	(2,815)	(5,087)
<i>In %</i>		45	55	100
Equity <sup>(1)</sup>	C	(1,563)	(1,126)	(2,689)
<i>In %</i>		5	42	100
Balance sheet position	A + B + C	0	0	0
Net debt/equity	B/C	1.5	2.5	1.9

(1) Equity net of investment grants and the 1976 legal revaluations already allocated to assets.

#### 22.2.2 Income statements

As at 1 January 2012, each CGU recognised income and expense items in separate accounting systems.

The principles applied are the following:

- direct allocation of income and expenses where possible;
- when an expense or income item concerns both CGUs, it is allocated to the main CGU concerned, then an internal transfer is set up under an agreement;
- passenger revenue is fully allocated to the public passenger transport service;

#### 22.2.1.2 Provisions for contingencies and expenses

Provisions for contingencies and expenses are allocated on a project-by-project basis to the CGU concerned by the contingency. When a project implies a risk common to both CGUs, an allocation key is determined.

#### 22.2.1.3 Current assets and liabilities (or working capital requirements)

The direct allocation principle also applies to current assets and liabilities such as inventories, trade receivables, trade payables, VAT line items, payroll payables, accrued expenses, etc.

- the Syndicat des transports d’Île-de-France’s contributions are fully invoiced by the public passenger transport service, pursuant to the service agreement setting out the financial arrangements concluded with the Île-de-France transport authority. An internal transfer is made for the share attributable to the Infrastructure Management CGU, the amount of which is defined in the agreement between the Syndicat des transports d’Île-de-France and RATP (the public passenger transport service will need to use the services of Infrastructure management in order to meet performance objectives and to fulfill public service obligations);
- financial expenses are fully recognised in the financial statements for the public passenger transport service when incurred, then an internal transfer is set up for the share attributable to the Infrastructure management CGU. The re-invoiced amount corresponds to the cost of Infrastructure management CGU net debt, assuming that it is proportionately identical to that of the public passenger transport service.

## 22.3 Internal transfer agreements

The law dated 3 June 2010 states that: "All direct or indirect cross-subsidies between CGUs are strictly prohibited". In order to guarantee this segregation principle, since 2012, approximately 60 agreements have been entered into governing financial relations and tracking all flows between the separate CGUs.

### 22.3.1 Agreement structure

The agreements comprise:

- an activity section: description of the services or duties entrusted to the CGU, along with technical targets and related operating performance indicators;
- economic conditions: agreement valuation, invoicing arrangements and potential agreement review principle;
- agreement management arrangements: reporting, agreement revision and disputes.

The agreements are entered into for a period of five years but are reviewed at the end of each year, to update obligations for the following year.

### 22.3.2 Agreement types

There are three types of agreements:

1. services corresponding to the provision of metro and RER equipment and facilities to the public passenger transport service by Infrastructure management. The latter owns and manages the equipment and facilities;
2. services required for the specific roles of each CGU, which are not carried out within the CGU (such as maintenance and operation of the trains used for maintenance work by the public passenger transport service for the Infrastructure management CGU, maintenance of tramway equipment owned by the Transport operations CGU and carried out by the Infrastructure management CGU);
3. head office services, including re-invoicing the Infrastructure management CGU for the costs relating to offices owned by the public passenger transport service and for the support functions included within the scope of the public passenger transport service (management and financial control, human resources, legal services, etc.).

### 22.3.3 Valuation of agreements

Given that the internal transfers occur within the same legal entity, value-added tax is excluded.

#### 22.3.3.1 Type 1 agreements

The valuation of agreements is included in the contract between the Syndicat des transports d'Île-de-France and RATP, as the public passenger transport service is obliged to liaise with the Infrastructure management CGU in order to use metro and RER facilities and equipment. The value of the services has been determined based on the financial targets set in the Infrastructure management CGU's financial model.

#### 22.3.3.2 Type 2 agreements

For type 2 agreements, given that cross subsidies are prohibited, the value of services provided under the agreement is measured at full actual cost price excluding margin.

During the financial year, internal transfers are made on a monthly basis according to amounts budgeted. In the event of a significant difference between budgeted and actual amounts due, the annual and half-year financial statements are adjusted.

The valuation method is defined by RATP's Finance and Management Control department, and is used as appropriate by each company department entering into agreements as a supplier. The agreement is signed by both parties (the Transport operations department in question and Infrastructure management) once the services and price determination procedures have been agreed.

The cost comprises:

- direct service costs;
- indirect costs of the local unit and department providing the service, expressed as a rate. The rate and basis to which it applies are validated every year by the Finance and Management Control department;
- structural costs of the company (invoiced through "type 3 agreements").

#### 22.3.3.3 Type 3 agreements

Office costs comprise:

- rent (for offices rented from third parties) or depreciation (for offices owned);
- property-related expenses.

The cost is allocated to each CGU in proportion to the area used.

Depending on the support service provided by the local departments and units, the cost of support functions is allocated directly when the cost is attributable to a certain CGU, or divided between the two CGUs using an allocation key validated by the Finance and Management Control department. The allocation basis is the total department expenses, net of income, including office costs and those related to type 2 agreements.



## 22.4 Financial statements of the public passenger transport service and Infrastructure management

### 22.4.1 Financial statements: Balance sheet assets

In thousands of euros	Transport operations		Infrastructure management		State-owned industrial and commercial public utility (EPIC)	
Assets	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Intangible assets</b>	<b>466,456</b>	<b>409,989</b>	<b>20,014</b>	<b>13,612</b>	<b>486,471</b>	<b>423,601</b>
Research and development costs	169,100	159,376	–	–	169,100	159,376
Lease rights	1,093	1,127	–	–	1,093	1,127
Other	142,041	121,676	7,606	6,343	149,647	128,020
Work in progress	154,222	127,809	12,409	7,269	166,631	135,077
<b>Property, plant and equipment</b>	<b>8,814,348</b>	<b>8,513,262</b>	<b>7,674,141</b>	<b>7,365,983</b>	<b>16,488,489</b>	<b>15,879,245</b>
Land	309,086	312,507	294,986	278,798	604,073	591,305
Buildings	1,408,499	1,337,849	4,976,818	4,846,268	6,385,317	6,184,117
Technical plant, equipment and industrial tooling	465,800	423,095	1,398,683	1,349,580	1,864,482	1,772,675
Transport equipment	4,532,213	4,458,935	32,227	34,353	4,564,440	4,493,287
Other	37,957	35,588	1,977	1,512	39,935	37,100
WIP, advances and down-payments	2,060,792	1,945,288	969,450	855,472	3,030,242	2,800,760
<b>Financial assets</b>	<b>1,023,798</b>	<b>1,133,134</b>	<b>67</b>	<b>49</b>	<b>1,023,865</b>	<b>1,133,183</b>
Equity investments	482,065	467,053	–	–	482,065	467,053
Receivables from equity investments	133,491	133,484	–	–	133,491	133,484
Other long-term investments	2,314	2,227	–	–	2,314	2,227
Loans	43,033	48,331	23	35	43,057	48,366
Other	362,894	482,038	44	14	362,938	482,052
<b>Fixed assets (I)</b>	<b>10,304,602</b>	<b>10,056,384</b>	<b>7,694,222</b>	<b>7,379,644</b>	<b>17,998,824</b>	<b>17,436,028</b>
Inventories and work in progress	153,002	152,809	31,918	33,037	184,920	185,846
Advances and down-payments to suppliers	735	286	41	121	776	407
<b>Receivables</b>	<b>1,149,102</b>	<b>1,423,914</b>	<b>129,352</b>	<b>125,285</b>	<b>1,278,073</b>	<b>1,548,975</b>
Trade receivables and related accounts	117,167	103,914	3,167	2,043	120,334	105,956
Receivables from the State and other public authorities	366,257	511,189	122,438	119,476	488,695	630,666
Other	105,568	133,648	3,747	3,766	108,933	137,190
Lease receivables	560,111	675,164	–	–	560,111	675,164
<b>Financial assets</b>	<b>1,357,607</b>	<b>1,185,566</b>	<b>1</b>	<b>5</b>	<b>1,351,431</b>	<b>1,184,323</b>
Marketable securities	1,145,574	980,148	–	–	1,145,574	980,148
Cash and cash equivalents <sup>(1)</sup>	212,033	205,418	1	5	205,858	204,175
Prepaid expenses	48,140	55,913	49	58	48,189	55,971
<b>Current assets (II)</b>	<b>2,708,587</b>	<b>2,818,489</b>	<b>161,361</b>	<b>158,505</b>	<b>2,863,389</b>	<b>2,975,522</b>
Loan transaction costs (III)	3,727	4,709	–	–	3,727	4,709
Bond redemption premiums (IV)	12,408	13,543	–	–	12,408	13,543
Unrealised translation losses (V)	23,433	63,594	–	–	23,433	63,594
<b>TOTAL ASSETS (I + II + III + IV + V)</b>	<b>13,052,756</b>	<b>12,956,720</b>	<b>7,855,583</b>	<b>7,538,149</b>	<b>20,901,780</b>	<b>20,493,396</b>

## 22.4.2 Financial statements: Balance sheet liabilities

In thousands of euros	Transport operations		Infrastructure management		State-owned industrial and commercial public utility (EPIC)	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Liabilities</b>						
Liabilities reserve for assets allocated to	250,700	250,700	–	–	250,700	250,700
Revaluation surplus	61,483	64,190	148,733	148,733	210,216	212,923
Capital endowment	433,367	433,367	–	–	433,367	433,367
<b>Reserves</b>	<b>294,699</b>	<b>294,699</b>	<b>–</b>	<b>–</b>	<b>294,699</b>	<b>294,699</b>
• Reserve from the disposal of assets allocated by the Île-de-France transport authority (Syndicat des transports d'Île-de-France) and no longer used (redeployed)	184,519	184,519	–	–	184,519	184,519
• Reserve from the disposal of assets allocated by the State and no longer used	136	136	–	–	136	136
• Reserve from the disposal of assets constructed by the RATP and no longer used (reinvestment)	52,119	52,119	–	–	52,119	52,119
• General reserve	57,926	57,926	–	–	57,926	57,926
IM-TO equity transfer at 1 January 2012	(1,125,661)	(1,125,661)	1,125,661	1,125,661	–	–
Retained earnings	2,626,975	2,603,274	451,650	334,231	3,078,626	2,937,505
Net income for the period (surplus or loss)	82,573	23,701	130,123	117,420	212,697	141,121
Regulated provisions	68,543	42,679	457,349	414,357	525,891	457,036
<b>Equity excluding investment grants</b>	<b>2,692,680</b>	<b>2,586,950</b>	<b>2,313,517</b>	<b>2,140,401</b>	<b>5,006,197</b>	<b>4,727,352</b>
Investment grants	4,011,979	3,625,417	2,386,322	2,337,233	6,398,301	5,962,650
<b>Equity (I)</b>	<b>6,704,660</b>	<b>6,212,367</b>	<b>4,699,839</b>	<b>4,477,634</b>	<b>11,404,498</b>	<b>10,690,001</b>
Provisions for contingencies	112,733	115,250	1,717	1,946	114,450	117,196
Provisions for losses and expenses	131,407	129,146	2,180	1,906	133,586	131,052
<b>Contingency and loss provisions (II)</b>	<b>244,140</b>	<b>244,396</b>	<b>3,897</b>	<b>3,853</b>	<b>248,037</b>	<b>248,249</b>
<b>Loans and borrowings</b>	<b>4,153,300</b>	<b>4,368,023</b>	<b>2,914,718</b>	<b>2,866,614</b>	<b>7,061,842</b>	<b>7,233,388</b>
• Île-de-France loans	207,649	228,064	–	–	207,649	228,064
• Bond issue	5,306,425	5,123,702	–	–	5,306,425	5,123,702
• IM-TO equity transfer at 1 January, 2012	(2,815,000)	(2,815,000)	2,815,000	2,815,000	–	–
• Borrowings from and liabilities to credit institutions (bank account credit balances)	84,437	110,331	68,081	75,822	146,341	184,904
• IM-TO internal transfers	(31,638)	24,208	31,638	(24,208)	–	–
• Other loans and borrowings	1,295,960	1,589,337	–	–	1,295,960	1,589,337
• Accrued interest	105,466	107,381	–	–	105,466	107,381
Advances and down payments received on orders in progress	14	941	–	–	14	941
Trade and related payables	240,499	225,299	18,607	17,214	259,107	242,513
Taxes and payroll-related payables	593,971	646,965	35,888	37,607	629,477	684,348
Payables for assets and related accounts	284,725	306,308	182,299	134,903	467,024	441,211
Other liabilities	177,879	157,067	335	325	178,214	157,392
Lease payables	563,794	680,259	–	–	563,794	680,259
Prepaid income	66,363	51,495	–	–	66,363	51,495
<b>Liabilities (III)</b>	<b>6,080,545</b>	<b>6,436,357</b>	<b>3,151,848</b>	<b>3,056,663</b>	<b>9,225,835</b>	<b>9,490,606</b>
Unrealised translation gains (IV)	23,411	63,600	–	–	23,411	63,600
<b>TOTAL ASSETS (I + II + III + IV)</b>	<b>13,052,756</b>	<b>12,956,720</b>	<b>7,855,583</b>	<b>7,538,149</b>	<b>20,901,780</b>	<b>20,493,396</b>



## FINANCIAL STATEMENTS

Notes to the financial statements

### 22.4.3 Financial statements: Income statement

	Transport operations	Infrastructure management	Neutralisation of inter-establishment operations	State-owned industrial and commercial public utility (EPIC)
<b>Operating income</b>	<b>5,507,053</b>	<b>1,129,811</b>	<b>(1,180,310)</b>	<b>5,456,554</b>
<b>Revenue</b>	<b>5,025,974</b>	<b>871,865</b>		<b>4,717,529</b>
Revenue from transport services	4,400,928	0		4,400,928
Internal transfers	313,929	866,382	(1,180,310)	0
Revenue from transport-related activities	150,170	0		150,170
Non-transport revenue	157,444	4,276		161,720
Sales of by-products	3,504	1,207		4,711
<b>Other income</b>	<b>300,821</b>	<b>184,982</b>		<b>485,803</b>
Stock of manufactured goods	(617)	(572)		(1,188)
Capitalised production	106,397	181,352		287,750
Provision reversals and expenses transferred	126,939	3,343		130,281
Operating subsidies	102	0		102
Other income	68,000	859		68,859
<b>Income used to offset depreciation expenses</b>	<b>180,258</b>	<b>72,964</b>		<b>253,222</b>
Reversal of revaluation provisions	2,879	8,236		11,115
Portion of investment grants transferred to income statement	177,380	64,727		242,107
<b>Operating expenses</b>	<b>5,308,041</b>	<b>877,390</b>	<b>(1,180,310)</b>	<b>5,005,121</b>
<b>Cost of purchased goods and services</b>	<b>1,916,257</b>	<b>380,410</b>		<b>1,116,357</b>
Energy	191,528	1,143		192,671
• Electricity	92,075	755		92,830
• Fuel	87,001	36		87,038
• Heating	12,451	351		12,803
Cost of leased tracks	30,448	0		30,448
User rights payable to SNCF	19,976	0		19,976
Equipment, supplies and other external expenses	1,674,306	379,267		873,263
• Raw materials and supplies	177,186	24,804		201,989
• Other external services	1,497,120	354,464	(1,180,310)	671,274
<b>Tax, duties and other payables</b>	<b>250,352</b>	<b>53,943</b>		<b>304,294</b>
<b>Payroll costs</b>	<b>2,460,294</b>	<b>131,169</b>		<b>2,591,463</b>
Wages and salaries	1,735,631	92,821		1,828,452
Payroll-related costs	721,838	38,349		760,187
RATP employee benefit plan cost, net	2,825	0		2,825
<b>Depreciation, amortisation and provisions</b>	<b>652,376</b>	<b>310,516</b>		<b>962,892</b>
Asset depreciation and amortisation	592,076	310,320		902,396
Asset provisions	0	0		0
Current assets – provisions	7,124	(241)		6,883
Provisions for contingencies and liabilities	53,175	437		53,612
<b>Other expenses</b>	<b>28,763</b>	<b>1,351</b>		<b>30,114</b>
<b>OPERATING INCOME (I)</b>	<b>199,012</b>	<b>252,421</b>		<b>451,433</b>



	Transport operations	Infrastructure management	Neutralisation of inter-establishment operations	State-owned industrial and commercial public utility (EPIC)
<b>Financial income</b>	<b>216,681</b>	<b>9</b>	<b>(87,282)</b>	<b>129,408</b>
Equity investments	9,501	0		9,501
Other long-term investments and fixed asset receivables	717	1		718
Accrued interest and related income	95,050	8		95,058
Internal transfers	87,282	0	(87,282)	0
Provision reversals and expenses transferred	725	0		725
Foreign exchange gains	23,375	0		23,375
Proceeds from disposal of marketable securities	32	0		32
<b>Financial expenses</b>	<b>280,596</b>	<b>87,283</b>	<b>(87,282)</b>	<b>280,596</b>
Accrued interest and related expenses	259,018	1		259,019
Internal transfers	0	87,282	(87,282)	0
Depreciation, amortisation and provisions	6,062	0		6,062
Foreign exchange losses	15,141	0		15,141
Losses on disposal of marketable securities	374	0		374
<b>NET FINANCIAL EXPENSE (II)</b>	<b>(63,914)</b>	<b>(87,274)</b>		<b>(151,188)</b>
<b>ORDINARY INCOME (I + II)</b>	<b>135,097</b>	<b>165,147</b>		<b>300,245</b>
<b>Non-recurring income</b>	<b>79,769</b>	<b>19,391</b>		<b>99,159</b>
Operating transactions	47,843	247		48,090
Capital transactions	9,846	6,799		16,645
Leases	1,404	0		1,404
Other non-recurring income	9,034	1,909		10,943
Provision reversals and expenses transferred	11,642	10,437		22,078
<b>Non-Recurring Expenses</b>	<b>88,328</b>	<b>52,119</b>		<b>140,446</b>
Operating transactions	574	3		577
Other non-recurring expenses	57,316	3,494		60,810
Depreciation, amortisation and provisions	30,438	48,621		79,059
<b>NON-RECURRING INCOME AND EXPENSE</b>	<b>(8,559)</b>	<b>(32,728)</b>		<b>(41,287)</b>
Employee profit-sharing	48,901	2,296		51,197
Income tax	(4,936)	0		(4,936)
<b>TOTAL INCOME</b>	<b>5,803,503</b>	<b>1,149,210</b>	<b>(87,282)</b>	<b>5,685,121</b>
<b>TOTAL EXPENSES</b>	<b>5,720,930</b>	<b>1,019,087</b>	<b>(87,282)</b>	<b>5,472,424</b>
<b>NET INCOME</b>	<b>82,573</b>	<b>130,123</b>	<b>0</b>	<b>212,697</b>

## 23 — Post-balance sheet events

Nil.

## DESIGN AND PUBLICATION



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## PRACTICALITIES

The RATP group's activity and sustainable development report and the financial & CSR report are also available at [www.ratp.fr](http://www.ratp.fr) under the heading "Group".



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