Solocal GROUP

#2016 REFERENCE DOCUMENT

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This version cancels and replaces the version of the Reference Document filed with the French financial markets authority (*Autorité des marchés financiers – AMF*)on 28 April 2017. The only change made between these two versions is on page 177 of the Reference Document. This is the difference column between the financial years 2015 and 2016 on the income statement of the annual corporate accounts of SoLocal Group as of 31 December 2016. The rest of the document has not been changed. This Reference Document may be used to support a financial operation if it is supplemented with an offering notice authorized by the AMF. This document has been prepared by the issuer under the responsibility of its signatories.

Copies of this Reference Document are available free of charge from SoLocal Group, 204, Rond-Point du Pont de Sèvres – 92649 Boulogne-Billancourt Cedex, and also on the website of SoLocal Group: www.solocalgroup.com and the website of the AMF: www.amf-france.org.

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

- the corporate and consolidated accounts of the Group for the financial year having ended on 31 December 2015, the related reports of the Statutory Auditors, and the management report of the Group, at pages 125 to 178, 179 to 198, and 73 to 80 respectively of the Reference Document filed on 29 April 2016 under number D.16-0438;
- the corporate and consolidated accounts of the Group for the financial year having ended on 31 December 2014, the related reports of the Statutory Auditors, and the management report of the Group, at pages 124 to 177, 178 to 198, and 69 to 76 respectively of the Reference Document filed on 30 April 2015 under number D.15-0449.

The chapters of the 2015 and 2014 Reference Documents not mentioned above are either not relevant for the investor, or are covered elsewhere in this Reference Document.

Unofficial translation of the French-language "Document de référence 2016" of SoLocal Group, for information purposes only.

SOLOCAL GROUP
A public limited company with share capital of 57,683,778.20 euros
Registered office: 204, Rond-Point du Pont de Sèvres, 92649 Boulogne-Billancourt Cedex
Nanterre Trade and Companies Register No. 552 028 425

OVERVIEW 2016

SoLocal GROUP

PagesJaunes · mappy · ooreka · avendrealouer.fr

INTERNET €649M[1]

LOCAL SEARCH €491M[1]

LOCAL LISTING ON OUR MEDIA AND OUR PARTNERSHIPS

AUDIENCES
2,432,000,000 INTERNET VISITS

CUSTOMERS
494,000

DIGITAL MARKETING €158M[1]

TRANSACTIONAL SERVICES

LOCAL PROGRAMMATIC

INTERNET SITES AND CONTENTS

> *Advertising local know-how everywhere and stimulating local company business*

SoLocal HABITAT · SoLocal SERVICES · SoLocal COMMERCE · SoLocal SANTÉ&PUBLIC · SoLocal BtoB

[1] 2016 annual revenue

Message from the Chairman of the Board of Directors and the Chief Executive Officer of SoLocal Group

Jean-Pierre Remy
Chief Executive Officer
of SoLocal Group

Robert de Metz
Chairman of the
Board of Directors
of SoLocal Group

2016 was key for SoLocal Group. It was marked by the finalization of our digital transformation and by the establishment of a new financial structure. Thanks to your commitment and your renewed trust, SoLocal Group is now able to reveal its full digital growth potential.

To successfully conduct this new growth stage, SoLocal Group can draw on an already solid position. Indeed, in spite of heavy debt, in just 5 years SoLocal Group has achieved recognition as the European leader in local digital communication. With our 4,400 employees, we have succeeded in conducting a complete overhaul of our business model, our products, our services, our technology and our commercial organization, so as to be able to support almost 500,000 professionals every day, micro or medium enterprises, in the Digital Marketing of their activity, mainly on the Internet or through printed directories.

On the Internet, we can thus help our clients optimize their local digital communication by:

- Creating and enhancing the content presenting their activities: websites, photos, description of their activities, listings, videos, etc.
- Multicasting on the main digital local information platforms, ours (pagesjaunes.fr, mappy.com, ooreka.fr and avendrealouer.fr) and those of our partners Google, Bing, Apple and Facebook.
- Improving the performance of their web communication to generate maximum visibility and contacts for them through enhanced content and our data and programming expertise.

2016 also marked a turning point for the company with improved financial results. Thus, compared with the last quarter of 2015, the last quarter of 2016 recorded growth of our Internet turnover of 5% (171 million euros) and our EBITDA increased by 9% (to 58 million euros). This last quarter marks an acceleration in the growth of our Internet turnover which was +1% over the whole of the year, while over all our activities the Group generated an EBITDA margin of 28% (229 million euros).

This growth draws on the unique platforms that make SoLocal Group the major player in local digital communication in France and Europe:

- Our content creation platform: our exhaustive and quality content is ahead of our clients and users' needs, with notably 380,000 professional websites designed, hosted and managed by our teams and almost 4 million listings posted on pagesjaunes.fr.
- Our multicast platform:
  - our brands and our media are part of everyday life for French web users: PagesJaunes, Mappy, Ooreka and A Vendre A Louer;
  - our partnerships with the global digital players – Google, Bing, Apple and Facebook – demonstrate our leadership in France;
  - our record audiences place SoLocal as the 6th Internet group in France, – 45% visits on mobile devices. In the future, these mobile audiences will be the primary growth driver.
- Our programming platform, which is based on unique local data, with 2.4 billion visits to Group websites and 700 million routes calculated with Mappy in 2016.

The financial restructuring of SoLocal Group approved at the end of 2016 provides the new framework that allows us to implement our "Conquer 2020" strategic plan. The exceptional mobilization of our teams and the remarkable support of our shareholders in difficult market conditions will enable us to better establish SoLocal Group further as one of the major Internet players in Europe. This plan confirms our investment and innovation capacities which will enable us, in the coming years, to win new clients, new budgets, new usages, new audiences and new territories.

1 PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

1.1 Responsibility for the Reference Document
1.2 Attestation of the persons responsible for the Reference Document

In this Reference Document, the terms "SoLocal Group" or "Company" refer to the SoLocal Group SA, and the terms "PagesJaunes SA" or "PagesJaunes" refer to the PagesJaunes SA company. The term "Group" refers to the group of companies comprising the Company and all its subsidiaries and the term "Consolidated Group "refers to the group of companies comprising the Company and all its subsidiaries, apart from PagesJaunes Outre-Mer, which is not consolidated. A glossary defining the main terms in this reference document is given at the end of this document.

1.1 Responsibility for the Reference Document

Mr Robert de Metz, Chairman of the Board of Directors, and Mr Jean-Pierre Remy, Chief Executive Officer of SoLocal Group are responsible for this Reference Document.

1.2 Attestation of the persons responsible for this document

We hereby attest that the information in this document is accurate and contains no omissions which could limit the scope of its relevance, to the best of our knowledge and after having taken all reasonable measures to ensure the validity of this information.

We hereby attest that to the best of our knowledge, the financial statements were prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial position and net income of the Company and of all of the consolidated companies, and that the management report provided in chapter 20 of this document is an accurate reflection of the development of the business activities, performance and financial position of the Company and of all of the consolidated companies, as well as a description of the main risks and uncertainties they face.

We have obtained a letter from the Statutory Auditors stating that they have completed their work and verified the information on the financial position and accounts provided in this document and read through the entire

Mr Robert de Metz

Chairman of the SoLocal Group Board of Directors

Mr Jean-Pierre Remy

Chief Executive Officer of SoLocal Group

2 STATUTORY AUDITORS

BEAS

Represented by Joël Assayah
195, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

Member of the Statutory Auditors' Association of Versailles

Appointed joint Statutory Auditor of the Company at the General Shareholders' Meeting held on 19 October 2016, for a term of six financial years until the end of the General Shareholders' Meeting voting in 2022 on financial statements for the Company's financial year ending on 31 December 2021.

Auditex (Ernst & Young Group)

Represented by Vincent de La Bachelerie
Tour First
1, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Member of the Statutory Auditors' Association of Versailles

Appointed joint Statutory Auditor of the Company at the General Shareholders' Meeting held on 19 October 2016, for a term of six financial years until the end of the General Shareholders' Meeting voting in 2022 on financial statements for the Company's financial year ending on 31 December 2021.

Auditors' fees are presented in Note 33 of the Appendix of the consolidated accounts

3 SELECTED FINANCIAL INFORMATION

(in million euros)	2016			2015			2014		
CONSOLIDATED INCOME STATEMENT	Total	Continued activities (1)		Total	Continued activities (1)		Total	Continued activities (1)	
		Recurring	Non recurring		Recurring	Non recurring		Recurring	Non recurring
Revenues	812.3	812.3		878.0	872.6		936.2	921.6	
Internet	648.7	648.7		645.5	640.2		632.5	617.9	
Printed directories and others	163.5	163.5		232.5	232.5		303.7	303.7	
Recurring EBITDA (*)	229.0	229.0		260.9	270.3		301.1	310.7	
Internet	185.6	185.6		189.6	199.0		192.4	202.0	
Printed directories and others	43.4	43.4		71.3	71.3		108.7	108.7	
EBITDA	223.9	229.0	(5.1)	211.1	270.3	(49.1)	266.9	310.7	(34.3)
Operating Income	163.2	168.4	(5.1)	142.8	218.2	(49.1)	214.2	263.6	(34.3)
Net financial expense	(73.8)	(73.8)	-	(83.6)	(83.6)		(98.1)	(98.1)	
FINANCIAL INCOME FOR THE PERIOD (GROUP SHARE)	**49.0**	**52.3**	**(3.4)**	**26.6**	**72.6**	**(30.0)**	**59.3**	**94.0**	**(21.2)**
CONSOLIDATED BALANCE SHEET									
ASSETS									
Non-current Assets	263.6			251.1			229.2		
Of which net goodwill	95.5			95.1			82.5		
Current Assets	505.7			507.8			606.7		
Of which net trade debtors	320.9			352.6			441.8		
Of which cash and cash equivalents	91.1			53.7			46.4		
Total assets	**769.3**			**759.0**			**835.9**		
Shareholders' Equity (Group share)	(1,286.2)			(1,328.0)			(1,368.5)		
Non-current Liabilities	127.0			1,244.2			1,247.0		
Of which non-current financial liabilities and derivatives	1.3			1,118.3			1,139.6		
Current liabilities	1,928.4			842.8			957.2		
Bank overdrafts and other short-term borrowings	1,154.4			21.9			37.5		
Of which trade creditors	98.9			95.4			98.9		
Of which deferred income	408.3			483.3			575.4		
Total liabilities	**769.3**			**759.0**			**835.9**		
Net cash flow	30.7			58.3			37.9		
Consolidated net debt for the Group(2)	**(1,096.8)**			**(1,090.5)**			**(1,135.8)**		
Cash generated by the activity of the consolidated Group	99.7			134.4			107.1		

(*) The recurring EBITDA has been adjusted to the margin and the breakdown of EBITDA Internet and Print & Voice 2015 in relation to publication of the consolidated financial information of 31 December 2015 in order to have indicators established by comparable methods

(1) The consolidated income statement comprises the continued activities detailed above and the divested activities detailed in the consolidated financial statement.
Continued activities are divided into recurring and non-recurring elements in order to better appreciate the dynamic of the former.

(2) Net debt corresponds to the total gross financial debt, minus cash flow and cash flow equivalents (see chapter 10).

4 RISK FACTORS

4.1 Risks related to the Group's business and strategy
4.2 Legal risks
4.3 Market risks
4.4 Social and environmental risks

SoLocal Group has reviewed the risks that could have a significantly unfavorable effect on its business, financial position or results (or its ability to achieve its goal). We consider that there are no other significant risks apart from the following risks factors, supplemented by other information and the Consolidated Financial Statements provided in this Reference Document. Investors are invited to take into consideration the risk factors described in this chapter before taking any decision to invest.

The description of the internal control and risk management organization introduced by the SoLocal Group is provided in the Report of the Chairman of the Board of Directors on the conditions of preparing and organizing the work of the Board of Directors and on the procedures for internal control, attached as an appendix to this document. We have also introduced a risk assurance and management program presented in Section 6.8 of this Reference Document.

4.1 Risks related to the Group's business and strategy

Group's adaptation to digital technologies and market changes

The rapid development of new technologies and widespread use of the Internet in the workplace, at home and on the move and the significant influence of the major Internet actors, such as social media or search engines has brought about a change in consumer preferences and habits which could have a long-term significant influence on use of the Group's media, and on printed directories in particular, and it should be noted that a reduction in the audience of a platform leads to a reduction in advertising revenues for that platform in the long run. These developments as well as changes in the behavior of the main world players on the internet could have a significant negative impact on the Group's activities, organization, financial situation or results.

The Group also has to face the appearance of new economic models associated with the digital technology. Various pricing models are used to sell advertising on the Internet and it is hard to predict which of these models will become established as the industry standard, if any. Although we have managed to increase the profitability of our Internet advertising products, due to an increase in the return on investment for advertisers in particular, the emergence of new economic models and increased competition in the online advertising market sector could lead to a drop-in market rates and a change in our business model.

These factors could have a significantly negative impact on the SoLocal Group's business, financial position or results, or on our ability to achieve our goals.

Difficulty in remaining competitive

SoLocal Group is experiencing an increasing level of competition in its activities, particularly on the online advertising market. No assurances can be given that we will be able to meet the competition generated by other established economic actors or new entrants. Increasing competition could result in lower audiences and prices, reduced growth, reduced margins or the loss of market share, and each of these elements could have a significantly negative impact on our business, financial position or results.

Our challenge is to be able to always provide pertinent offers in the online advertising market that can best meet the expectations of our customers and in particular the large accounts, in a context of increased competition.

Sensitivity to the economic climate — SoLocal Group's inability to adapt its cost structure

Our income could drop significantly, if the countries where we generate major advertising revenues were to experience a deterioration in their economic conditions.

Our inability to adapt our cost structure if faced with a downturn in the economy or increased competition could also have a significant negative impact on our business, financial position or results.

Risk of a reduction in contents — inability to improve the technical features and functionalities in the products and services offered by SoLocal Group

Our goal in our media is to provide useful information which is as comprehensive as possible. The information on individuals and businesses that we publish is mostly gathered from databases available on the market, in particular, from various telecommunications operators. If we were unable to access these databases, or if a large number of subscribers asked to be unlisted, no assurance can be given that we would be able to gather information on individuals and businesses by other means, and that this would not lead to a reduction of the content of the products and services, which could have a significant negative impact on the business, financial position or results of the Group, and in particular on the continuation of the partnerships formed with the large players of the Web which today form an important part of the indirect audience of the Group.

In addition, to remain competitive, we must continually improve our reaction time and the functionality and features of our products and services, and develop new products and services which are attractive to users and advertisers. Use of the Internet as a platform for some products, we have developed, has increased this need for adaptability. Compared to other platforms, the Internet is characterized by very rapid technological advances, the frequent introduction of new products and services, rapidly changing business standards, a very volatile and changeable demand from the consumer and instability in its business models for these products and services.

In addition, the communications actions to develop the visibility of our brands are focused on improving the audience of the sites. A lack of investment in this type of action could lead to a significant drop in the direct audience of our sites.

These rapid changes in the digital sector require that we constantly improve our performance and rapidly adapt our technology and functionality. Any inability on our part to anticipate or properly respond to changes in technology or demand, in particular by not adapting the economic models of products or services, significant delays or major costs incurred in developing and marketing new products and services, and as such the inability to honor our promises with regard to the users of our services, could have a significant negative impact on our business, financial position or results.

Damage to information systems

A major part of the SoLocal Group's business depends on the efficient, continuous operation of its information systems, particularly production and distribution systeMs These systems could be damaged by several causes, including fire, widespread power cuts, damage to communications networks, cyber-attacks such as intrusions into computer systems, computer sabotage or any other cause which could affect operations. As far as the activities that we subcontract are concerned, we cannot respond to these types of events and must rely on the ability of the subcontracting companies to react quickly and effectively. Any inability by subcontractors to respond to these problems could have an impact on our business. As far as the activities over which we have full control are concerned, no assurance can be given that we will have the technical and financial capacity to alleviate all the damage caused. Our business could be significantly affected.

Fluctuations in SoLocal Group's quarterly results

The various editions of our printed directories are published and distributed throughout the year, so the business of printed directories does not go through any major cycles. The publication and distribution of printed directories is carried out according to a calendar defined one year beforehand. From an accounting point of view, income and expenses from selling advertising space in the printed directories are recognized when they are published. Therefore, revenues and the various revenues aggregates can vary from one quarter to the next and may not be representative of our full-year results. In addition, if the publication of one or more directories is brought forward or delayed, the recognition of revenues as well as the associated costs of publication and distribution could be delayed or brought forward. Finally, the time delay between the recognition of income and costs on one hand and the actual receipt of invoice payments from advertisers on the other hand could affect working capital requirements, operating cash flow, operating income or other financial indicators generally used by investors to evaluate the financial performance of a company and not reflect SoLocal Group's actual liquidity level.

Effect of investments and divestments

SoLocal Group may carry out acquisitions or investments in one of its businesses. No assurances can be given that we will manage to successfully integrate the acquired companies, to realize the anticipated synergies, maintain uniform standards, controls, procedures and policies, maintain good relations with the staff at the acquired companies, or that the additional income and results generated by each acquisition will justify the price paid for the acquisition. A failure in any of these integration steps could have a negative impact on the business, financial position or results, achievement of the strategic objectives, the financial situation and the revenues of the Group.

A part of these acquisitions and investments could involve payment by issuing SoLocal Group shares, which could have a diluting effect for our shareholders. Such acquisitions and investments, whether paid for in cash or shares, could have an unfavorable effect on our business, financial position or results.

SoLocal Group could also decide to divest itself, sell or close down any of its businesses. No assurance can be given that SoLocal Group could find potential buyers or that the price received for the sale of these businesses or the cost reductions associated with the disposal or closing of these businesses could offset any drop in our results.

Risks related to debt and the restrictive clauses of the loans

With net debt[1] amounting to 1,096.8 million euros as at December 31, 2016, SoLocal Group's covenant on financial leverage as defined in the credit agreement dated October 24, 2006, as modified by amendments (the **"Credit Agreement"**) was 4.72x. As a result, the Group did not comply with its bank covenant on financial leverage at December 31, 2016. Nevertheless, due to the ratification by the Commercial Court of Nanterre on December 22, 2016 of the second draft modification of the scheme of arrangement plan implemented in application of the decision of the Commercial Court of Nanterre of May 9, 2014, the creditors waived their right to issue the immediate payability of all the financial debt of all the financial debt of the SoLocal Group.

Following the completion of the reorganization operations, as described in Section 5.1.5 of this Reference Document, the remaining gross debt of the Group was reduced to 398 million euros, or a *pro forma* net debt at December 31, 2016 of 344 million euros, which created a pro forma financial leverage from the restructuring of the debt of 1.47x at December 31, 2016. It was reorganized in the form of a bond issue of 397,834,585 euros (the **"Bonds"**) the settlement-delivery of which took place on March 14, 2017, reserved for the creditors as part of the Credit Agreement, as follows:

- Interest:
  - calculation of the interest: margin plus EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%) 3 months, payable quarterly in arrears;
  - late payment interest: 1% surcharge of the applicable interest rate.

(1) The net debt corresponds to the total of the gross financial debt, less cash and cash equivalents, excluding fair value of the financial instrument and loan issue charges (see paragraph 1.3 of the Consolidated Management Report appearing in Section 20.2 "Consolidated Management Report" of the third update of the Reference Document).

- Margin: percentage per year depending on the level of the consolidated net financial leverage (consolidated net debt/consolidated EBITDA) (Consolidated Net Leverage Ratio) at the end of the most recent half-year period of reference (Accounting Period), as indicated in the following table (specifically the initial margin will be calculated on a *pro forma* basis of the reorganization operations):

Consolidated Net Leverage Ratio	Margin
Greater than 2.0: 1	9.0%
Lower or equal to 2.0: 1 but greater than 1.5: 1	7.0%
Lower or equal to 1.5: 1 but greater than 1.0: 1	6.0%
Lower or equal to 1.0: 1 but greater than 0.5: 1	5.0%
Lower or equal to 0.5: 1	3.0%

- Maturity Date: March 15, 2022.
- Quotation: quotation on the official site of the Bourse de Luxembourg (Luxembourg Stock Exchange) and admission to negotiation on the Euro MTF market.
- Early repayment or redemption:
  - the SoLocal Group can at any time and on several occasions, repay all or part of the Bonds at a repayment price equal to 100% of the principal amount increased by interest accrued but not paid;
  - furthermore, the Bonds will be part of a mandatory early repayment (subject to certain exceptions) in all or in part, should certain events arise, such as a change of control, an asset sale, or the receipt of net debt proceeds or net receivable proceeds. Mandatory early repayments are also anticipated through funds arising from a percentage of the excess cash flow, based on the Consolidated Net Leverage Ratio of the Company.
- Financial commitments:
  - the Consolidated Net Financial Leverage Ratio (Consolidated Leverage/Consolidated EBITDA) must be lower than 3.5:1;
  - the interest coverage ratio (Consolidated EBITDA/Consolidated Net Interest Expense), must be greater than 3.0:1; and
  - (i) starting in 2017 and (ii) for every subsequent year, if the Consolidated Net Leverage Ratio exceeds, at December 31 of the preceding year, 1.5:1; the Capital Expenditure of SoLocal Group and its Subsidiaries is limited to 10 of the consolidated revenue of SoLocal Group and its Subsidiaries.
- The terms and conditions of the Bonds include moreover certain commitments which must not be made, preventing SoLocal Group and its Subsidiaries, subject to certain exceptions, in particular from:
  - incur additional financial debt;
  - grant sureties;
  - pay dividends or make distributions to the shareholders; as an exception, the payment of dividends or distributions to shareholders are permitted if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The restrictions included in the terms and conditions of the Bonds and described above could affect the Group's ability to exercise its business, and limit its ability to react based on the conditions of the market or also to seize commercial opportunities which may arise. For example, these restrictions could affect the Group's ability to finance the investments of its activities, reorganize its organization or finance its capital requirements. In addition, the Group's ability to comply with these restrictive clauses could be affected by events that are beyond its will, such as economic, financial and industrial conditions. Failure by the Group to comply with its commitments or these restrictions could cause a default of the aforementioned agreements.

In case of default which is not corrected or waived, the holders of Bond could require that all the outstanding amounts become immediately payable. This could activate the cross-default clauses of other Group loans. This type of event could have a significantly unfavorable effect on the Group, leading to the bankruptcy or liquidation of the Group.

Moreover, the Group may not be in a position to refinance its debt or obtain additional financing at satisfactory conditions.

The following financial ratings were attributed to SoLocal Group at the date of publication of the Reference Document:

- Caa1-PD/LD attributed in March 2017 by Moody's with a negative outlook;
- B- attributed in March 2017 by Fitch Ratings with a negative outlook.

The change in the ratings attributed are presented below:

		12/31/2016		12/31/2015		12/31/2014		12/31/2013	
		Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's	Fitch Ratings	Moody's
SoLocal Group	Rating	RD	Ca	B-	B3	B-	B3	B-	Caa1
	Outlook	Negative	Negative	Negative	Negative	Stable	Negative	Negative	Negative
PagesJaunes Finance (1)	Rating	C	Ca	B	B3	B+	B3	B+	Caa1
	Outlook	-	Negative	-	Negative	-	Negative	-	Negative

(1) Relative to the bond borrowing due 2018.

Increase in the price of paper or the cost of other production factors

If the price of paper or the cost of other production factors were to rise, operating costs could increase significantly.

An increase in the price of paper or a shortage of paper over a long period could have a significant negative impact on our business, financial position or results. Prices will remain stable for the 2017 edition but the increasing demand in wastepaper connected to the closing of certain production plants will created stress on the prices in the future. The Group has thus chosen a commitment over two years by accepting a limited increase for the requirements of the 2018 edition. SoLocal Group has no mechanisms to cover variations in the price of paper, other than those provided for, in the current contracts. We subcontract the work involved in printing, binding and packing printed directories. An exclusive printing contract was signed in order to ensure a reduction in rates compared to 2013 and stability in rates over the period 2014 to 2017.

In addition, we have outsourced the distribution of directories to a number of subcontractors. An increase in distribution costs (linked for example to a significant increase in the fuel price or a substantial revaluation of the minimum wage), or difficulties encountered with distribution could have a significant negative impact on our business, financial position or results.

4.2 Legal risks

Litigation and arbitration

In the ordinary course of business, SoLocal Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only constituted for expenses that may result from such proceedings where they are considered suitable and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, SoLocal Group's entities are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

Interim orders and proceedings were initiated against (i) the decision of the Commercial Court of Nanterre which ordered the modification of the Company's Scheme of Arrangement Plan, as well as (ii) the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016.

The decision of the Commercial Court of Nanterre which ordered the modification of the Company's Scheme of Arrangement Plan was the subject of third-party proceedings by a minority shareholder, Mr Benjamin Jayet.

Within the context of this proceeding, the Commercial Court of Nanterre was asked to rule on the admissibility of the third-party proceeding and to delay its ruling on the retraction of the ruling of December 22, 2016, pending a decision on the merits of the validity of the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016. The Commercial Court of Nanterre ruled the third-party proceeding by Mr Benjamin Jayet inadmissible. Mr Benjamin Jayet filed an appeal of the aforementioned decision and the hearing took place on March 13, 2017. The decision is expected in May.

Mr Benjamin Jayet also issued a writ against the Company before the Commercial Court of Nanterre in order to obtain a decision on the merits of the repeal of the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016. The Commercial Court of Nanterre in ruling of April 26, 2017 dismissed the request of this individual.

During the emergency interim proceedings, the President of the Commercial Court of Nanterre dismissed the request by Mr Benjamin Jayet to suspend the implementation of Resolutions 1 to 7 submitted for the vote of the General Shareholders' Meeting of the Company of December 15, 2016 (relative to the financial reorganization). In a decision of March 9, 2017, the Court of Appeals of Versailles confirmed the order of the President of the Commercial Court of Nanterre of January 13, 2017.

In the hypothesis that, after the completion of the reorganization operations, a final decision should rule the decisions made during the General Shareholders' Meeting of December 15, 2016 null and void, this decision could in theory lead to the retroactive cancellation of the reorganization operations. However, such a cancellation appears very hard, even impossible, to implement within a context of an operation with a public offering.

During the year 2013, PagesJaunes had to carry out a further reorganization, in order to ensure long-term business sustainability in the face of a constantly changing professional environment presenting strong threats from competition. From September 2013, a proposed development of the PagesJaunes model and organization has been presented to the company's Representative Staff Bodies. At the same time, Management negotiated with the representative unions a majority agreement on welfare support measures. This agreement was signed on November 20, 2013. Following completion of these works with the employee representatives, this plan provided for restructuring combined with changes in the employment contracts of the entire sales force, a project with no compulsory redundancies but which ultimately created 48 additional jobs within the company. This agreement was the subject of a validation decision by the DIRECCTE (the State's body in charge of businesses competition, consumption and labor) on January 2, 2014.

Since 311 employees refused the changes in their employment contracts associated with the restructuring implemented at the end of 2013, 280 of them were laid off. One company employee decided to dispute the decision to ratify the collective agreement which included the measures for the employment protection plan before the administrative courts. The Administrative Court of Appeals of Versailles, in a ruling of October 22, 2014 notified on November 5, annulled the ratification decision of the DIRECCTE. On July 22, 2015, the Council of State procedurally rejected the appeal of the PagesJaunes Company and the Minister of Labor on the same argument of pure form.

As a result, several proceedings have been initiated before both the administrative and the judicial courts. Four proceedings have been initiated before the administrative jurisdictions and are still ongoing (3 at the initiative of employees before the Administrative Court of Cergy-Pontoise for the annulment of the decisions authorizing the redundancy, and an appeal at the initiative of PagesJaunes before this same court against a decision refusing the authorization on hierarchical appeal filed by another employee). These are proceedings before court judges: more than 200 legal proceedings have been filed before the labor arbitration courts by employees invoking consequences of the annulment of the administrative decision ratifying the collective agreement relative to the Employment Protection Plan by the Court of Appeals of Versailles which allows them to claim compensation.

On the date of this document, 153 decisions have been rendered procedurally. The majority of these decisions reject the claims related to voiding the redundancy and the resulting compensatory consequences, determining that the redundancy rests on an actual, serious cause and rejects the demands questioning the economic reason (in fact no Employment Tribunal has to date invalidated the reason for the redundancy of the employees) but issue convictions to pay based on Article L1235-16 of the Labor Code at a level close to the indemnity ceiling provided by that text, or between six and seven months' salary.

In addition, certain decisions allow related claims: some relative to particular situations (dispute of the length or the conditions of implementation of their redeployment leave, requests for reviews of commissions during period prior to the plan), others concern the payment of a supplement to the amount of the conventional redundancy allowance paid at the time of the balance of all accounts and some different positions.

The other disputes will go to court in 2017.

Lastly, a certain number of issues will also be appealed both at the initiative of PagesJaunes and at the initiative of the employees.

In the consolidated financial statements for 2015, the Company recognized the exception impact of the legal decisions annulling the DIRECCTE's ratification of the Employment Protection Plan. This additional provision amounted to 35 million euros and was posted in the consolidated financial statements as at December 31, 2015. It was based on a prudent assumption in a context of great legal uncertainty, increased by the contradictory decisions of the industrial tribunals. Many appeals were filed by the SoLocal Group to contest these decisions. At December 31, 2016, the provision remaining in the accounts came to 27.8 million euros.

The Company continued the deployment of its reorganization and thus launched in 2016 a new PSE [Employment Protection Plan] procedure for the employees who could not be dismissed during the preceding procedure as a result of its annulment.

A request for compensation of the prejudice causes by the State to PagesJaunes a result of the wrongful validation of its PSE is ongoing.

Eleven advertising agencies submitted complaints to the French Competition Authority for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118,008 platforms), seeking the imposition of provisional measures on the basis of Article L. 464-1 of the French Commercial Code. In a ruling of November 22, 2012, the French Competition Authority accepted the commitments proposed by PagesJaunes, which closes this dispute. These commitments ended on March 31, 2016.

PagesJaunes was sued by a former distributor for sudden break in commercial relations. The company, which is formally disputing all the claims presented, recorded a provision in the 2016 accounts in accordance with common practice.

In 2010, PagesJaunes was the subject of an inspection by the French social security agency Urssaf in respect of the 2007, 2008 and 2009 financial years. The company was notified of an adjustment amounting to 2.2 million euros. This risk was fully provisioned as at December 31, 2010. The adjustment applying to PagesJaunes was confirmed by the Urssaf Arbitration Committee and the Bobigny Social Tribunal in a decision on March 6, 2014, following proceedings brought by PagesJaunes. PagesJaunes has lodged an appeal against this decision in the Paris Court of Appeal, seeking a revised settlement of 1.4 million euros. In 2016, PagesJaunes was the subject of a new Urssaf inspection in respect of the 2013, 2014 and 2015 financial years. The company was notified of an adjustment amounting to 3 million euros. Disputing part of this adjustment, the risk was provisioned as at December 31, 2016.

PagesJaunes is the subject of a tax inspection in respect of the financial years 2010 to 2013 and has received reassessment notices for Tax Credit for Research. We have taken the view that the counts for adjustment are without basis and have disputed them with the tax authority. A hierarchical appeal took place on July 19, 2016 and a departmental interview on November 28, 2016. The department interviewer has dismissed a part of the reassessments. The company is going to initiate a litigation disputing the remaining reassessment. A provision has been established to cover the risks.

Moreover, in common with other companies in the sector, SoLocal Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally, the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk. As at December 31, 2016, there were nine sets of proceedings, representing total claims for damages of 0.5 million euros. In these proceedings, our entities endeavor to negotiate out-of-court compensation, which significantly reduces the final total cost of such proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on our financial position.

To the best of our knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or has had in the last twelve months, a significant impact on the financial position or profitability of the Company and/or the Group.

All of this information is provided in Note 31 of the Notes to the consolidated financial statements provided in paragraph 20.1 of the document.

Liaising with the General Management and our subsidiaries, our Legal Department, assisted by law firms, monitors the risks connected with the most significant disputes.

Changes in regulations affecting the Group's markets

The communications industry in which SoLocal Group operates is subject to many regulations (see Section 6.6-Regulations). Changes in policy or regulations in the European Union, in France or in other European countries where we operate could have a significant unfavorable effect on the business in these countries, especially if such changes increase the cost and regulatory constraints associated with providing our products and services. These changes could have a negative impact on our business, financial position or results.

In order to anticipate any regulatory development that could have a significantly unfavorable effect on its business, SoLocal Group carries out permanent monitoring of the regulations.

Legal risks associated with uncertainty concerning existing regulations

A number of draft laws are being examined, especially in relation to protecting personal information, privacy and electronic communications, responsibility for content, e-commerce and the taxing of advertising on the Internet.

These future developments in regulations could have a significant unfavorable effect on SoLocal Group's business, results and financial position or our ability to achieve our goals.

SoLocal Group constantly checks that it complies with the national and international regulations.

Intellectual and industrial property rights

We cannot be certain that steps taken in France and in other countries to protect our intellectual and industrial property rights, our trademarks in particular, domain names and software, will be adequate, or that third parties will not be able to counterfeit or misappropriate our intellectual and industrial property rights, or have them cancelled. In addition, because of the global nature of the Internet, our trademarks and other forms of intellectual and industrial property could be spread to countries which offer a lower level of protection in terms of intellectual and industrial property than in Europe or the United States. Given the importance and impact of our trademarks, any counterfeiting, misappropriation or cancellation could have a significant, unfavorable effect on our business, operating income and financial position, or our ability to achieve our goals.

In order to monitor its assets and ensure consistent protection, management and defense of its rights, SoLocal Group regularly updates its portfolio of intellectual and industrial property rights and we take all legal measures required, particularly by means of actions for infringement and/or unfair competition, to protect and defend our intellectual and industrial property rights.

Limitations on the Group's right to collect personal information

SoLocal Group must abide by privacy protection laws, including European Directive No. 95/46/EC of October 24, 1995, which limits its right to collect and use personal information about its users (see Section 6.6.1.2 — Protecting Personal Information). Any restrictions on using cookies installed on an Internet user's terminal or browser when the user looks up information on the Internet showing how the user uses the Internet (cookies), or the obligation to allow users to object to the use of these cookies, could weaken the effectiveness of advertising as part of the Group's business. An increased public awareness of these privacy concerns and changes in the laws, created, among other things, by the European regulation on the protection of personal data with which we must comply, could limit our ability to use such personal information for business, and more generally affect the public perception of the Internet as a market for goods and services. Each of these developments could have an impact on our business, financial position or results.

In particular, the French Commission for Data Protection and Liberties (Commission nationale de l'informatique et des libertés — CNIL) issued a public warning to PagesJaunes without financial penalty on September 21, 2011 concerning a "Web Crawl" service aimed at enabling users to find a person even if they are not listed on pagesblanches.fr by providing results obtained from social networks. The CNIL criticized PagesJaunes for distributing this data without specifically informing or having obtained authorization from the persons involved. In the social networks that were crawled, members had the possibility of limiting search engine access to their data, if they so desired. PagesJaunes is appealing this ruling with the Council of State (Conseil d'État). On March 12, 2014, the Council of State dismissed the appeal of PagesJaunes. Among other things, the Council of State upheld CNIL's position on the fact that physical persons whose data is collected indirectly, in particular on the Internet, must be informed at time of collection of the use that will be made of this data, irrespective of the difficulties that may be met with in so doing. In the absence of prior notification given to such physical persons, PagesJaunes is not permitted to crawl personal data on the Internet.

SoLocal Group constantly checks that it complies with legislation on the protection of privacy. With this in mind, we have established a Personal Data Department and a Data Protection Correspondent.

4.3 Market risks

In view of its financial structure, SoLocal Group is exposed to interest rate risk, liquidity risk and credit risk.

The interest rate, liquidity and credit risks are set out in Note 28 of the Notes to the consolidated financial statements for the 2016 financial year provided in Chapter 20.1 — Historical Financial Statements.

Information pertaining to SoLocal Group's debt is also provided in Chapter 10 — Cash and Capital Resources, Note 25 — Cash and Cash Equivalents, Net Financial Debt, and Note 28 — Financial Risk Management and Capital Management Policy Objectives in the notes to the historical financial statements for the 2016 financial year.

The equity risk is linked to own shares held directly and under the liquidity contract implemented in 2008, the details of which are set out in Note 21.3 of the Notes to the consolidated financial statements for the 2016 financial year appearing in Chapter 20.1 — Historical Financial Statements.

4.4 Social and environmental risks

Our Company's value rests in particular on the employees who represent real human capital. The Group's inability to retain this talent or to recruit new talent could have a negative impact on its business, its position or results.

Moreover, anxious to limit the environmental impact associated with its Printed Directories business, the Group took an environmental step over the entire lifecycle of the product. In 2013, PagesJaunes thus obtained AFAQ ISO 14001 certification for a further 3-year period for the design, production and circulation of the printed directories it publishes.

The Group's other environmental impact relates to:

- its digital business, with the management of its IT equipment, its electric and electronic waste, the energy consumption of its data centers and also the eco-design of its services;
- employees travel;
- energy consumption, use of resources and management of waste by its offices.

In this connection, PagesJaunes produced a Carbon Footprint in 2015 over the 2014 period.

In order to reduce these impacts, we have implemented a number of measures. These actions are detailed in Chapter 8 – Corporate Social Responsibility.

5 INFORMATION CONCERNING THE ISSUER

5.1 History and evolution of the Company
5.2 Investments

5.1 History and evolution of the Company

5.1.1 Corporate name and trading name

The corporate name of the Company is "SoLocal Group", since the changed voted for by the General assembly on 5 June 2013 (formerly "PagesJaunes Groupe").

The Group has profoundly transformed itself in order to adapt to technological and societal changes. The name "SoLocal Group" expresses our current strength: local and digital services. This change of name was motivated by the desire to become the market leader in local communication.

5.1.2 Registration location and number

Trade and Companies Register number: RCS Nanterre 552 028 425.

APE code: 7010 Z.

5.1.3 Date of incorporation and term (Article 5 of the Articles of Association)

The Company was incorporated on 12 January 1897 and registered on 21 February 1955. Based on Article 5 of its Articles of Association, the Company has a term of 99 years, which began on 31 December 1954 and will run until 31 December 2053, unless it is dissolved earlier or extended as provided for in the Articles of Association.

5.1.4 Registered office, legal form and applicable legislation

The head office of the Company and a large part of the Group's subsidiaries: 204 rond-point du Pont-de-Sèvres, 92100 Boulogne-Billancourt.

Telephone: +33 (0)1 46 23 30 00

Company's country of origin: France.

SoLocal Group is a public limited company with a Board of Directors subject to the provisions of Articles L. 210-1 ff. of the French Commercial Code.

5.1.5 Major events in the development of business

On 4 February 1946, the Ministry of Posts, Telegraphs and Telephones ("PTT") made Office d'Annonces ("ODA"), a state-owned company through the Havas advertising agency, responsible for handling advertising representation for directories in mainland France.

The shareholders in ODA changed on several occasions until 1998. In July 1998, Havas, which then owned all the share capital in ODA, sold its holding to Cogecom (a subsidiary of France Télécom). In 2000, before Wanadoo's IPO, France Télécom first transferred some of SNAT's activities (the France Télécom division in charge of publishing the telephone directories) to ODA, then transferred all ODA's shares to Wanadoo. The name of ODA was then changed to become "PagesJaunes". Following this reorganisation, PagesJaunes became the owner of the directory publishing business of the France Télécom Group, excluding l'Annuaire (formerly known as Pages Blanches) and the alphabetical searching on PagesJaunes 3611, which were retained by France Télécom. Advertising representation as well as all of the design and production of l'Annuaire and alphabetical searching on PagesJaunes 3611 were nevertheless entrusted to PagesJaunes by France Télécom.

Advertising in directories had developed continuously since 1946 thanks to the growth in consumption and in the advertising market in France and thanks to the increase in directory distribution and its audience, linked to the increase in the number of telephone subscribers. The continuous increase in ODA's sales was due particularly to its on-going ability to make permanent adaptations in terms of business and technology. The 1980s saw the successful launch of the PagesJaunes directory as well as the start of the Minitel, a precursor of the advertising model on the Internet. In addition, the Company developed its range of advertising services beyond that of consumer directories, with a range of directories for businesses (Kompass, PagesPro), as well as a range of services pertaining to the Direct Marketing business (SoLocal Marketing Services).

In the framework of the public offering initiated by France Télécom for Wanadoo in February 2004, it was decided to place some companies in Wanadoo's directory division under the Company's umbrella (QDQ Media and Mappy). These were then admitted for trading to the Eurolist of Euronext Paris on 8 July 2004.

In December 2004, SoLocal Group transferred to PagesJaunes SA, by a partial asset transfer agreement, the business assets, business, and staff members in charge of the business of publishing the PagesJaunes directories, previously performed by PagesJaunes SA, which is now SoLocal Group. These transfers having assets of 4,005,000,000 euros, with goodwill and similar of 3,959,321,134 euros.

On 20 January 2006, PagesJaunes signed an operating licence agreement with France Télécom for the printed universal directory in favour of PagesJaunes, and accompanied by an acquisition agreement for the "L'Annuaire" name for a total amount of 12.0 million euros. These contracts took effect on 1st January 2006.

Following a competitive tender process in June 2006, France Télécom concluded on 11 October 2006 with the Médiannuaire company and its sole shareholder, the Médiannuaire Holding company, a company controlled by an investment fund consortium grouping together Kohlberg Kravis Roberts & Co. and Goldman Sachs, a purchase agreement in which France Télécom agreed to transfer 150,546,830 shares of SoLocal Group representing 54% of the Company's capital and voting rights.

The transfer of the controlling interest took place on 11 October 2006 in the framework of an over-the-counter transfer of controlling interest performed in compliance with Articles 516-2 ff. of the General Regulations of the AMF, on payment by Médiannuaire to France Télécom of a total price of 3,312,030,260 euros, *i.e.* 22 euros per transferred share.

Following this acquisition, Médiannuaire made a standing market offer for the Company's shares. As part of this operation, and pursuant to the provisions of Articles 261-1 ff. of the General Regulations of the AMF, the Company's Board of Directors appointed the firm Ricol, Lasteyrie & Associés as independent experts for preparation of a report on the standing market offer. This firm, Ricol, Lasteyrie & Associés, issued an expert opinion confirming that the price offered to shareholders in this operation was equitable. Following this standing market offer, Médiannuaire held 54.82% of the capital and voting rights of SoLocal Group. This holding decreased to 54.75% as of 31 December 2007. On 24 November 2006, the Company also paid out an exceptional dividend of 9 euros per share, *i.e.* a total dividend of 2,519.7 million euros. The dividend was partly financed by the Group's cash surplus and partly by arranging a bank loan for a maximum total amount of 2.35 billion euros.

On 9 January 2007, via its subsidiary PagesJaunes Petites Annonces, SoLocal Group launched an online real estate and vehicle small ads service, accessible via "annoncesjaunes.fr". This website is now published by PagesJaunes SA.

On 1 April 2011, SoLocal Group finalised an agreement with Price Minister to acquire 100% of the capital of A Vendre A Louer, a key operator in the online real-estate small ads market. This company was absorbed in 2013 by PagesJaunes SA in order to speed up the synergies with the website "annoncesjaunes.fr" in particular.

On 24 May 2011, SoLocal Group acquired 100% of the capital of ClicRDV. Formed in 2006, ClicRDV.com is the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs for all businesses types (Major Accounts, self-employed professionals, SMEs and public bodies).

On 29 July 2011, SoLocal Group finalised the acquisition of 100% of the capital of Fine Media, publisher of the ComprendreChoisir.com website, enriching its local and digital communication offering for businesses. Formed in 2007, ComprendreChoisir.com now attracts more than 1.5 million monthly visits and has developed over 280 sites with themed contents aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business. Since 23 October 2015, the business has been trading under the name "OOREKA" which replaced the name "ComprendreChoisir".

On 2 October 2012, SoLocal Group announced that its subsidiary Euro Directory had transferred 38.92% of the capital of Editus Luxembourg SA to P&T Luxembourg, number one operator in postal and telecommunications services, Luxemburg, which at that time was already a shareholder of 51% of Editus. Following this disposal, SoLocal Group was still a shareholder of Editus with 10.08% via its subsidiary Euro Directory. On 15 June 2015, Euro Directory sold off the 10.08% of the capital of Editus that it still held and is no longer a shareholder therein.

On 31 December 2012, SoLocal Group finalised the acquisition of 100% of the capital of Chronoresto, the reference operator in online meal ordering. Since the end of 2015, Chronoresto has been trading under the name PagesJaunes Resto in order to associate its business with the Group's key brand.

On 13 June 2014, SoLocal Group announced the acquisition of 100% of the capital of Leadformance of which we had owned 49% since our initial investment in 2011. This acquisition meets the growing needs of brands and high-street names to increase their visibility on the Internet and mobile devices, in order to better convert internet users into clients who use their shops. The synergy created by 100,000 sites designed by Leadformance, and dedicated to the outlets of major brands and high street names, and 125,000 professional sites created and managed by SoLocal Group, reinforces our position as France's leading website designer. Integrating Leadformance also represents a major step for us in the area of Web-to-Store.

In order to offer our customers more relevant services, better tailored to their needs, SoLocal Group began a process of transformation in 2014. This has two main components: the reorganisation of sales teams and enhanced digital repositioning. To implement this process, SoLocal Group sought and successfully secured a capital increase of 440 million euros (an amount of 361 million euros, respecting Pre-emptive Subscription Rights (PSRs) and a 79 million euros increase in capital reserves) combined with a refinancing plan, both of which were announced on 13 February 2014. Both operations were very successfully concluded as a result of broad support from both our shareholders and creditors.

- Firstly, on 29 April 2014 the SoLocal Group's shareholders by more than 96% in favour of the increase in capital with maintenance of the preferential subscription right.
- Then the Group received a global request for this increase in capital by more than 920 million euros, *i.e.* a 255% increase.
- Finally, SoLocal also obtained approval from its lenders, representing more than 92% of the debts of the scheme of arrangement (sauvegarde financière accélérée) plan. This plan was approved on 9 May 2014 and allowed an early partial repayment at par in the sum of 400 million euros, in return for an extension of the due dates from 2015 to 2018, with an additional right available to the Company (under certain conditions) to extend these due dates to 2020.

This refinancing plan also presented many innovations in terms of refinancing:

- This transaction made it possible to combine an extension of the bank debt payable on the due dates with an increase in capital.
- SoLocal Group was the first group listed in France to apply the scheme of arrangement to effect refinancing knowing that its pre-transaction bank debt was very significant (1.2 billion euros).
- The Group asked its guarantors to guarantee the increase in capital over a period of four months, the time required to set up this scheme of arrangement.
- SoLocal Group made an increase in capital whose pre-transaction value was equivalent to the Company's market capitalisation.
- Consequently, SoLocal Group's enterprise value (defined conventionally, by adding the market capitalisation to the gross bank debt), increased from 1.9 billion euros (more than 80% of the bank debt) on 14 February 2014 before the transaction to 2 billion euros as of 31 December 2014, providing a better balance between market capitalisation and debt.

Thanks to this transaction, SoLocal Group crossed a major milestone in its financial restructuring in June 2014.

The Group reduced its net debt by almost 400 million euros, bringing its net financial debt to around 1,165 million euros following the transaction at the end of 2013, *i.e.* a total reduction in its net debt since the end of 2011 of almost 700 million euros.

The Group also relaxed the constraints on its banking agreements. The financial leverage covenant (the ratio between net debt and gross operating margin), which amounted to 3.75 x since December 2013, is now fixed in the new bank documentation at 4.50x up to March 2015, then at 4.25x up to September 2015, remaining stable at 4x as from December 2015. The amended bank documentation this provides more flexibility in the management of the business.

In April 2015, SoLocal Group launched a plan to divest the Internet businesses that were unprofitable and not growing. Consequently, on 2 October 2015, the local social media Zoom On was transferred to the Reworld group; on 16 October 2015, SoLocal Group finalised the transfer of Horyzon Media and on 21 December 2015 SoLocal Group also finalised the transfer of Sotravo to Mybestpro (formerly Wengo), an entity in the Vivendi group. Finally, SoLocal Group terminated Lookingo's "daily deals" business.

On 5 January 2016, SoLocal Group announced the acquisition of 100% of the capital of Effilab. Set up in 2011, certified and recognised as one of the main specialist agencies of Google AdWords™ and Facebook Ads™, Effilab is an agency that specialises in the management of online advertising campaigns on search engines and social networks. This acquisition enables SoLocal Group to strengthen its portfolio of AdWords solutions and to take up a leading position on a quickly-developing market.

The recapitalisation in 2014 was dimensioned on the basis of elements available at the time with a concern for balance between the financing needs identified by the Group and the reasonable dimensioning of a capital market operation. The Group was then confronted by a certain number of events that could not have been foreseen:

- Closure of the bond market in the summer of 2015. This situation in particular had the consequence of making it impossible to extend the maturities of the Group's debt from 2018 to 2020 as initially foreseen in 2014. Recall that in the framework of restructuring in 2014, an extension of the maturity clause of bank debt was negotiated, in the case of refinancing high yield debt of the Group.
- Less growth in the Group's sales in 2015. Confronted by a shrinking advertising market, the Group underwent an unexpected fall in Printed Directory business and took more time to deploy its new organisation which held back the growth of its Internet business thus not allowing a return to the growth of 2015 (elements largely communicated by SoLocal to the financial market throughout 2015).

This evolution of the debt market, less growth in the advertising market and operational difficulties were unknowns that limited the room for manoeuvring of SoLocal and which rendered refinancing of its debt much more difficult.

In this context and immediately on the closing of the bond market, the Group explored all the alternatives to resolve the issues raised by the debt of the enterprise.

In recent months, the Company has finalised during the definitive conditions of the restructuring plan that was announced to the market. This plan, that aims to drastically reduce the Group's debt, was approved by the creditors then by the General Shareholders' Meeting on 15 December 2016, and approved by the Commercial Court Nanterre in a ruling on 22 December 2016. This plan will notably permit implementation of the Conquérir 2020 strategic plan.

On 14 March 2017, SoLocal Group announced the finalising of its financial restructuring plan having led to an increase in the Company's total equity to 761.73 million euros (excluding the dilution of MCBs). The strengthening of its total equity permits SoLocal Group to reduce gross debt by two thirds, this falling from 1,158 to 398 million euros.

The financial restructuring plan comprises:

- a capital increase with preferential subscription rights retained, effected on 13 March 2017, for 398,484,781 euros, by issuing 398,484,781 shares of one (1) euro (including 272,650,250 new shares, *i.e.* 272,650,250 euros, subscribed for in cash by existing shareholders and 125,834,531 new shares, *i.e.* 125,834,531 euros, subscribed for by creditors converting debts owed by the Company, in accordance with their guarantee pledge);

- issue and allocation, free of charge, on 13 March 2017, of 58,314,846 shares to all Company shareholders were recorded in an account on 10 March 2017 in the proportion of three (3) shares for every two (2) shares in the Company;
- a capital increase in which the shareholders' preferential subscription rights are removed in favour of financial creditors with financial claims on the Company, was effected on 13 March 2017, by issue of 80,542,087 new shares, *i.e.* 363.24 million euros (including premium), subscribed for by creditors converting debts;
- issue in favour of creditors of 9,067,200 mandatory convertible bonds, or MCBs, carried out on 13 March 2017, for a nominal value of 18.13 million euros, subscribed for by creditors converting debts owed, conferring a right to the allocation of 9,067,200 shares in the case of conversion of the ensemble of MCBs, *i.e.* 1.55% of the capital of the Company;
- the issue in favour of creditors, carried out 14 March 2017, bonds for a principal amount of 397,834,585 euros, subscribed by creditors converting debts.

The gross residual debt of the Company resulting from this operation amounts to 398 million euros, the net pro forma debt on 31 December 2016 being 344 million euros.

The financial leverage covenant that was 4.72x on 31 December 2016 is *pro forma* post-financial restructuring: 1.47x. On this basis, current financial expense for the first 6-month period shall correspond to a 7% interest rate.

5.2 Investments

5.2.1 Main investments during the past financial year

The Group's Internet business is based on two product lines: "Search Local", on one hand and "Marketing Digital", on the other.

The Search Local products are mainly linked to the creation and marketing of content and advertising space, visibility, targeted publicity and the provision of advertising space to local and national advertisers (often referred to as display), as well as a whole range of products and services providing the provision and diffusion of local content information. The related products largely rely on the major media of the Group "pagesjaunes.fr", "Mappy" and "Ooreka" (e.g. - "ComprendreChoisir") as well as on the special partnerships of the Group, mainly with Google, Bing (Microsoft), Yahoo!, Apple and Facebook.

The products and services of Marketing Digital reinforce the pertinence of the presence of the Group's customers on the Web and are structured around three main areas: sites and content, local programmatics and transactional tools notably PagesJaunes Doc and PagesJaunes Resto.

Group investments in 2016 concentrated on:

- for Search Local, development of contributors (accounts, content), enhancing the experience and user experience, transactional (appointment booking, restaurant booking) and the development of mobile applications;
- for Marketing Digital, our programmatic platforms, sites, and presence management;
- the common technological base, the improvement of the different processes of the Group, notably development of offerings and marketing methods, the optimising of accounts and content;
- the arrangement of its new Citylights head office in Boulogne-Billancourt ready for moving on site during the second quarter of 2016.

	2016		2015		2014	
(in millions of euros)	Consolidated	Continued activities	Consolidated	Continued activities	Consolidated	Continued activities
Revenues	812.3	812.3	878.0	872.6	936.2	921.6
Acquisition of tangible and intangible assets	**69.1**	**69.1**	**76.1**	**75.5**	**69.6**	**67.9**
Percentage of revenues	8.5%	8.5%	8.7%	8.7%	7.4%	7.4%

5.2.2 Main current and future investments

The Group will continue investment in 2017 in the three business lines stated above, more particularly with investment centred on the development of media and growth products.

All investments made by the Group are financed from available resources and regularly reviewed by the Management Committee.

6 OVERVIEW OF BUSINESSES

6.1 Business lines
6.2 Business organization: a market approach through five Vertical Business Units
6.3 Exceptional events
6.4 Relations with shareholders
6.5 The Group's dependence on certain factors
6.6 Regulations
6.7 Suppliers
6.8 Insurance and risk coverage
6.9 Major tangible fixed assets

As the European leader in local digital communication, SoLocal Group carries out a meaningful and scalable mission which is to "reveal local know-how, everywhere, and boost local revenues of businesses".

Thanks to powerful media (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) and partnerships with leading Internet players such as Google, Bing (Microsoft), Apple, Facebook and Yahoo!, SoLocal Group ranked among the top 10 most visited sites in France in 2016. The Group had a monthly average of 26 million unique visitors (monthly average between January and December 2016) on fixed and mobile Internet and around 60% of Internet users in France visit at least one of the Group's sites each month.

In 2016, Group generated more than 2.4 billion visits at its sites. Mobile equipment (mobile telephones and tablets), which have become an increasingly important part of the SoLocal strategy, represented 44% of the Group's Internet audience in 2016, up +24% compared to 2015.

With around 4,400 full-time equivalent employees including a sales force of around 1,900 specialized consultants assigned to five Vertical Business Units (Home, Services, Retail, Health & Public, BtoB) and its International unit, the Group offers communication solutions tailored to its customers' requirements

SoLocal Group generated revenues of 812 million euros in 2016, with its Internet and Print & Voice activities representing around 80% and 20% of these revenues respectively. The Internet business, which grew +1% in 2016, is driven by the two primary digital activities: Local Search and Digital Marketing.

6.1 Business lines

6.1.1 Internet

In 2016, SoLocal Group recorded 649 million euros in Internet revenues, representing around 80% of Group revenues, up +1% versus 2015.

The Internet activities of SoLocal Group are now structured around two business lines:

- First, Local Search: SoLocal Group offers digital services and solutions to companies which enable them to enhance their visibility on the Web and develop their local contacts. In 2016, this activity posted revenues of 491 million euros by relying on the sustainable and highly qualitative audience for its own media (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) supported by the privileged partnerships that SoLocal has established with the main Internet leaders (Google, Bing (Microsoft), Apple, Facebook and Yahoo!). The launch of the Presence Management offer in 2016, which allows professional to propagate their local content across the entire Web, now rounds out the Local Search offer.
- Second, Digital Marketing: the Group offers its business clients the possibility of continuously improving and personalizing their local content on the Web and is developing targeted and successful communication campaign solutions that leverage the differentiating local data available to it: these highly differentiating activities, rely on advanced technologies, and in 2016 represented revenues of 158 million euros. They have been created over the last five years and are experiencing rapid growth (+10% in 2016). They comprise sites & contents, transactional services and local programmatic. In 2016, SoLocal Group broke new ground with these business lines, with, in particular, an increase in AdWords "Booster Site" and "Booster Contract" offerings and the launch of the Digital Tract offering in partnership with Facebook.

6.1.1.1 Local Search

Overall in 2016, the Local Search business generated annual revenues of 491 million euros (approximately 76% of Internet revenues). This activity encompasses local communication services, mainly the online listing offered by the Group via its own media, such as PagesJaunes, Mappy, Ooreka and A Vendre A Louer and beyond its media, via its partnerships, in particular with Google, Bing (Microsoft), Apple, Facebook, and Yahoo!

This business is both sizeable, *i.e.*, delivering high profitability, and protected by strong barriers to entry ensured by a unique platform and a business model, extremely hard to replicate.

Audiences and partnerships

The Local Search activity relies on very large audiences combined with continued and steady growth over time, powered by strong own media (PagesJaunes, Mappy, Ooreka, A Vendre A Louer) and privileged partnerships with key global Internet players who recognize the quality and updating of the Group's local content. In 2016, of the more than 4 million local businesses listed in our database in France, 494,000 are Internet clients of SoLocal Group, thanks to our unique coverage of the French market.

In 2016, we had over 2.4 billion visits on fixed and mobile Internet, an increase of 9% compared to 2015. The mobile Internet represents a growing share of visits, which accounted for 44% in 2016. SoLocal Group's mobile applications (mainly PagesJaunes and Mappy) have been downloaded over 46 million times on smartphones and tablets in France.

In 2016, audiences specifically directed towards businesses reached 1.5 billion visits, growing by 14% versus 2015.

Bolstered by the performance of our media (PagesJaunes, Mappy and Ooreka are ranked by Médiamétrie Nielsen, etc., among the Top 70 most visited Internet sites), SoLocal Group reached around 60% of Internet users in 2016. The Group's media continue to generate sizeable audiences with 26 million unique visitors to fixed and mobile websites. SoLocal ranked 6th on average among the most visited fixed and mobile sites in France (over the 12 months between January and December 2016, according to Médiamétrie Nielsen).

Audiences (in millions of visits)	Fy 2016	Fy 2015	Change
PagesJaunes	**1,770**	**1,612**	**10%**
of which mobile & tablet	761	601	27%
Mappy	**373**	**356**	**5%**
of which mobile & tablet	171	156	9%
Ooreka	**183**	**166**	**10%**
of which mobile & tablet	92	72	28%
Others	**106**	**104**	**3%**
of which mobile & tablet	48	36	34%
Total	**2,432**	**2,238**	**9%**
of which mobile & tablet	1,072	865	24%
of which fixed	1,360	1,373	-1%

Since 2011, the global Internet players have been building partnerships with SoLocal Group considering its position as the French leader of digital.

The partnerships established with major online platforms in order to mutually benefit from the fast-growing mobile market and technical developments allow certain of the partners to easily access SoLocal's content database and to provide the Group in return with accurate audience data about its clients.

In particular, SoLocal Group signed differentiating and complementary audience partnerships with Google, Bing (Microsoft), Apple and Yahoo!, thus leveraging the relevance and accuracy of its database.

In 2016, audiences from syndication accounted for 676 million of Internet visits, corresponding to 35% of PagesJaunes' total audience.

Furthermore, SoLocal Group has signed business partnerships with Google, Bing (Microsoft) and Facebook by which the Group co-constructs and markets turn-key solutions tailored to VSE-SME and network brands wishing to reach local clients via targeted advertising campaigns.

	Key partnership
Google	• Established in 2013 • A partnership focused first and foremost on the deployment and management of the AdWords campaigns of SoLocal's clients • Helps optimize the SEO performance of SoLocal clients, source of sustainable direct traffic • SoLocal, approved partner of Google for key collaborations: 1st European partnership to have developed an update API for Google My Business
Bing	• Established in 2010, renewed in 2015 for 3 years • Source of direct traffic and of SEO performance for SoLocal clients • Customized API with access to SoLocal content in exchange for high-quality traffic statistics • Close collaboration on future projects (*i.e.*, voice recognition)
Apple	• Established in 2015 • Partnership for the supply of local content on Apple Plan and the Spotlight search function • Source of direct traffic; also increases downloads of the PagesJaunes application • Close collaboration on strategic priorities (*i.e.* Siri)
Facebook	• Established in 2016 • A partnership primarily concerning the resale of Facebook marketing campaigns • API allowing the automatic downloading of content

In October 2016, SoLocal Group and Facebook announced a strategic partnership to develop the local digital communication of VSE/SME in France via the launch of the Digital Tract solution. Developed as a 100% digital and social alternative to paper tracts, this turnkey communication solution allows VSE/SME to broadcast and update their promotions and their events over the Facebook news feed in a relevant customer catchment area to ultra-precise targets.

6.1.1.2 Digital Marketing

This activity generated annual revenues of 158 million euros (approximately 24% of total Internet revenues) in 2016, a 10% increase compared to 2015. The SoLocal Group's Digital Marketing solutions offer all clients, from micro and small enterprises to largest corporations, the ability to expand their presence on the Internet through the Group's own media and its partners' media. This scalable and fast-growing activity continues its development around three product lines:

i) websites and contents;

ii) transactional services;

iii) local programmatic.

Websites & contents

The Group holds the number one market position in France and is establishing itself as one of the leaders in Europe in website creation, hosting, management and listing (with pagesjaunes.fr, affiliated partners and search engines). At year-end 2016, we managed approximately 380,000 sites in France and abroad. The sites developed by SoLocal Group are natively designed to adapt to fixed and mobile media, meaning that their appearance and their ergonomics are compatible with both computer and mobile/tablet browsing.

The Group offers to its clients a complete turnkey website creation, hosting and listing service that enable them to promote their activities on a website. This offer range extends the relationship that the Group maintains with its clients and thus contributes to reinforcing their customer's loyalty.

The Group's range is organized around three offerings, “Site Présence” (by subscription), “Site Visibilité,” and a new high-end site launched in 2015 “Site Privilège.” The core site of the range (“Visibility”) relies on a powerful technical platform, and large design library, which are both modern and user-friendly, and thanks to the modularity of its components, offers a high level of personalization. The “Privilège” site, which offers customized design, SEO strategy and personalized support, expands the SoLocal offering by addressing a new market segment: high-end. Close to 2,500 clients subscribed to this offering in 2016.

The “Sites” range of offerings provides the advertisers who subscribed to this service increased visibility on the media, the search engines, and the fixed and mobile sites of the Group's partners. These sites are optimized so that they can be easily accessed from pagesjaunes.fr, but also through the various search engines.

Furthermore, SoLocal Group offers chain stores a store locator module as well as fully personalized local pages for each of their stores. SoLocal Group is thus the leader in France in locating the brick and mortar retail outlets and clearance products available on the Internet, and has developed a SaaS platform for this purpose, called “BRIDGE”. This system enables Internet users to easily access all information they need to visit outlets (opening hours, services, products, etc.), download coupons and contact merchants directly.

The website creation offering has been extended in France and abroad, with for certain specializations:

- the creation of specialized sites in the real estate sector (A Vendre A Louer), major accounts and networks, the creation of sites with guaranteed visits offers (“Site Connect”) and offerings dedicated to the restaurant and health professionals sectors;
- the creation of sites abroad: “Solucion Web” sites, the creation of videos in Spain (QDQ Media);
- the creation of Facebook Fan Pages: offered to clients in order to expand their audience on social networks.

QDQ Media

QDQ Media, a wholly-owned subsidiary of the SoLocal Group, is one of the leading Web agencies in Spain with around 20,000 clients at year-end 2016. The company provides its advertisers with a broad range of online advertising products and numerous digital services that enhance their visibility on the Internet and enable them to manage their presence on social networks (Facebook, blogs, etc.).

QDQ Media portfolio mainly includes website creation and management, creation and management of AdWords campaigns, and increasingly leverages on SoLocal solutions related to local programmatic. QDQ Media is able to serve small, medium and large companies.

Local programmatic

SoLocal has developed over years both a unique and powerful exclusive database of qualified and geolocated purchase intentions of Internet users visiting its media. The programmatic market represents a solid growth opportunity for SoLocal.

Retargeting offer

SoLocal develops offerings based on data originated from own media (PagesJaunes, Mappy, etc.). In particular, since October 2014, SoLocal has marketed “ADhesive”. This product relies on the searches of Internet users conducted on the Group's media to expose these same users, while they browse the Internet, to relevant advertisers. This offer has significant commercial potential for the various client verticals in France, whatever the size of the advertisers.

AdWords campaign

Thanks to its partnerships with Google and Bing, SoLocal has been strongly reinforcing since 2013 its capabilities to create and manage paid search campaigns on main search engines. Its product “Booster Site” is currently the flagship of AdWords products, and enables all advertisers to drive traffic towards their websites, be it managed by SoLocal or not.

In addition, SoLocal keeps reinforcing its position with the acquisition of Effilab at year-end 2015. It helps to consolidate SoLocal Group's expertise in managing online advertising campaigns, particularly at the local level. Certified and considered as a major agency specialized in Google AdWords™ and Facebook Ads™, Effilab already serves numerous clients in France and abroad.

Digital Tract Offering

In partnership with Facebook, SoLocal has developed a turnkey communication solution intended for VSE/SME to disseminate and update their promotions and their events on the Facebook news feed, in a pertinent customer catchment area, with ultra-precise targets.

Transactional services

SoLocal Group also offers transactional services that allow highly committed relationships between users and the advertisers benefiting from its services.

Most of these services take the form of "action buttons" (book, order, etc.), appearing on the advertiser's visibility space, as well as on websites created by PagesJaunes. These services enable users to:

- schedule an appointment online with a professional (using technology developed by ClicRDV) or a doctor at pagesjaunes.fr;
- book a table at a restaurant: as a result of a partnership agreement concluded in 2014 with LaFourchette, it is now possible to book a table at a very large number of restaurants directly from pagesjaunes.fr and take advantage of any promotions offered;
- order meals online and arrange for home delivery via Chronoresto, which became PagesJaunes Resto and now the group meal ordering service "Grood";
- book a hotel: SoLocal Group signed a partnership with Expedia in 2014 to develop this service.

Recently, SoLocal has focused its investments and development in transactional services around two main areas:

- medical appointment with PagesJaunes. The combination of the very large SoLocal audience connected with the Health & Public sector (more than 500 million searches per year), its large salesforce, and its technological know-how in online appointments positions SoLocal as the French leader to tap into the market potential of 250,000 doctors practicing in France;
- online group meal orders with "Grood". In 2016, SoLocal Group rebranded Chronoresto into PagesJaunes Resto and now Grood to better leverage the strength of brand and the PagesJaunes audience in the restaurant sector. With "Grood," a contraction of the words "group" and "food," PagesJaunes is blazing new trails in the meal delivery market by inviting mobile Internet users to combine their orders to reduce costs and optimize delivery expenses.

Lastly, SoLocal Group offers a vast selection of real estate advertisements through A Vendre A Louer. Created in 1986 (and incorporated in PagesJaunes in 2013), A Vendre A Louer specializes in communication solutions for real estate agencies and real estate professionals. "Avendrealouer.fr" is one of the leading websites for real estate classified advertisements in France. The Group offers A Vendre A Louer solutions to its clients along with AnnoncesJaunes products and services.

6.1.2 Print & Voice

The Print & Voice activities generated 164 million euros, *i.e.*, 20% of the Group's consolidated revenues in 2016. This business line includes the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other "Voice" activities, including telephone directory enquiry and reverse directory services.

Print

The 2016 edition includes 237 published and distributed directories (including 130 PagesJaunes directories, and 107 PagesBlanches directories). The publication of these directories is staggered throughout the year. In 2016, 21 million copies were printed.

Voice

Voice and other related activities includes activities specific to SoLocal Group, such as telephone directory enquiries services (118 008) and the QuiDonc reverse directory (32 88). This segment also includes: telemarketing, data mining (database processing), file creation, management of potential clients and traditional direct marketing activities (inputting entries and posting mailings).

6.2 Business organization: a market approach through five Vertical Business Units

The SoLocal products, designed by the "business lines" teams, are marketed in France through five Vertical Business Units: (Retail, Services, Home BtoB and Health & Public. This organization enables us to offer to customers communication solutions that more closely match their needs.

In connection with its transformation, the Group has revamped its business model and its organization to match the practices of the Internet sector with the aim of developing a successful customer experience and further developing our focus on winning new markets:

- the local communication advisors are specialized by Vertical Business Unit, and each one has an optimized sales area for prospection with time management focusing on service and return on investment for clients;
- each Vertical Business Unit sets its objectives (in coordination with the teams in charge of the "business lines") for acquiring and developing a client base and maximizing customer loyalty, and can adjust these objectives as matters evolve; this decentralized management system enables management that closely matches the specific features of each relevant market.

Internet revenues recorded in 2016 by Vertical Business Unit.

Internet revenues (in millions of euros)	2015	2016	Change
Home	183	189	+3%
Retail	130	126	-4%
Health & Public	71	76	+6%
Services	124	124	0%
BtoB	110	112	+1%
International	21	22	+5%
INTERNET REVENUES	**640**	**649**	**+1%**
Scope of continued operations			

"International" refers to QDQ Media activities in Spain.

Each Vertical Business Unit managed by a managing director, includes the following functions:

i) a sales department including the regional sales directors, sales managers, regional marketing managers and s les representatives on the ground, as well as client and prospect telemarketers;

ii) a marketing department that includes managers covering each market of the Vertical Business Unit;

iii) an operations department with steering and project managers.

The performance indicators per Vertical Business Unit that track the scope of continued activities:

SoLocal Home

SoLocal Home	2015	2016	Change
Internet revenues (in millions of euros)[(1)]	183	189	+3%
Audience (in millions of searches)	121[(4)]	135	+12%
Number of Internet clients (in thousands)	116	109	-6%
ARPA[(2)] - Local Search	€1,272	€1,363	+7%
Penetration rate - Digital Marketing[(3)]	24%	25.5%	+1.5 pt

(1) In France.
(2) Average Revenue Per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.
(4) 2015 restated data.

Market of the Home Vertical Business Unit

The market of the Home Vertical Business Unit includes all professionals of construction, renovation, maintenance and emergency fixing services. These segments include craftsmen, medium-sized construction enterprises, emergency repair men and sellers/installers of home equipment (kitchens, verandas, swimming pools, etc.). In the Home market, advertising is a major concern for craftsmen for whom over half of their revenues is generated by new customers each year. This is also a market in which print retains a significant share, although, the various players are gradually shifting online.

Positioning of the Home Vertical Business Unit

SoLocal Group's vision is to assist professionals of the Home sector in expanding their businesses through advertising. Therefore, the Home Business Unit focuses on:

i) increasing the market share of its clients by offering, for example, new services in the form of global solutions packages incorporating Digital Marketing in order to increase clients' visibility;

ii) incorporating users' recommendations in its media in order to make it easier to bring users and home businesses together.

The Group has key advantages in the Home market, such as:

i) significant market penetration;

ii) expertise in fixed and mobile Internet advertising that is recognized by craftsmen;

iii) powerful media, such as pagesjaunes.fr, Ooreka.fr (the leading site in the home sector) and printed directories, which provide its clients with a large number of contacts;

iv) a complete local communication offer including websites and the services of our different subsidiaries (SoMS, etc.).

Competition

In the Home market, SoLocal Group's position is challenged by active players in various segments of activities:

- specialized companies in the works sector that have positioned themselves as intermediary between craftsmen and individuals: mesdepanneurs.fr, quotatis, etc.
- general players with Digital Marketing offerings: Linkeo, Mediapost, Google, etc.

SoLocal Retail

SoLocal Retail	2015	2016	Change
Internet revenues (in millions of euros)(1)	130	126	-4%
Audience (in millions of searches)	593(4)	660	+11%
Number of Internet clients (in thousands)	146	133	-9%
ARPA(2) - Local Search	€696	€728	+5%
Penetration rate - Digital Marketing(3)	16.5%	17%	+0.5 pt

(1) In France.
(2) Average Revenue Per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.
(4) 2015 restated data.

Market of the Retail Vertical Business Unit

The market of the Retail Vertical Business Unit includes the players of the following activities:

i) merchants with transactional potential (restaurants, beauty salons, accommodations);

ii) local businesses located downtown, such as florists, wine shops, dry-cleaners and local grocers;

iii) sports clubs and cultural institutions;

iv) chains (supermarkets, clothing shops, DIY shops).

Positioning of the Retail Vertical Business Unit

Within the Retail Vertical Business Unit, the different families of players have their own communication strategies. Most advertisers invest primarily online to promote their image, and certain businesses (mainly restaurants and accommodations) have developed transactional solutions (online appointment scheduling or reservations), which already account for a significant share of total advertising in this market. Some advertisers also invest in offline direct marketing (advertising mail).

To meet the diversity of its clients' expectations and needs, the Retail Business Unit has developed an overall digital offering, but retains a strong presence in printed directories and other paper media.

The Retail Vertical Business Unit focuses on:

i) gaining new customers and territories;

ii) increasing the share of its clients' advertising that it publishes by developing mobile media and optimizing existing media;

iii) further enhancing the customization of services offered in order to more closely match expectations.

The Retail Business Unit has the following significant advantages in this market:

i) a dense local network;

ii) the PagesJaunes media, which is a leading advertising investment brand (one merchant out of four advertises on PagesJaunes);

iii) extensive coverage of its clients' communication needs through a broad range of online and offline communication solutions;

iv) diversified offerings, adapted to this market and its various sectors, namely: print, Web-to-Store combining search and transactional solutions, etc.

Competition

The Retail Vertical Business Unit faces a variety of competitors in its market, including Internet pure players with disruptive models (e.g., JustEat, TripAdvisor, Lafourchette, etc.).

SoLocal Health & Public

SoLocal Health & public	2015	2016	Change
Internet revenues (in millions of euros)[1]	71	76	+6%
Audience (in millions of searches)	517[4]	581	+12%
Number of Internet clients (in thousands)	82.5	83.5	+1%
ARPA[2] - Local Search	€741	€769	+4%
Penetration rate - Digital Marketing[3]	11%	16%	+5 pts

(1) In France.
(2) Average Revenue Per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.
(4) 2015 restated data.

Market of the Health & Public Vertical Business Unit

The market of the Health & Public Business Unit covers public institutions, the liberal professions and professionals in the health sector.

This market breaks down primarily into four segments:

- public sector: the state and social care, local governments (cities and towns, metropolitan areas, departmental councils (*conseils départementaux*)), chambers of commerce (*organismes consulaires*), professional associations, etc.;
- education: driving schools, professional training institutions, primary, secondary and higher education, individual tutoring services, etc.;
- liberal professions: lawyers, chartered accountants, architects, auditors, surveyors, veterinarians, etc.;
- health sector professionals: health professionals, whether or not regulated by a professional association, pharmacies, health institutions and services, etc.

Positioning of the Health & Public Vertical Business Unit

The Health & Public Vertical Business Unit is characterized by sectors that advertise little, in particular due in some cases to regulatory restrictions. As this market gradually opens to advertising, SoLocal Group intends to gain new market shares and to become a leader in this sector through the sale of sites and by providing online appointment scheduling solutions for healthcare professionals in particular.

Despite this constrained regulatory context, the health market is buoyed by strong demand linked to an ageing population, a high birth rate and a greater focus on prevention and screening. As for the public market, it must now develop with users who are becoming "consumers" of public services and who have high expectations for easy online access to such services.

The Health & Public Vertical Business Unit focuses on:

i) optimizing listings of professionals and increasing their online visibility in order to improve users' experience with the Group's media (navigation/user friendliness and content), and developing audience loyalty to the maximum;

ii) facilitating business management for customers: online appointment scheduling, secretary services, etc.;

iii) handling patient oversight, in particular for health professionals: ensuring personalized continuity of care, conducting information campaigns, etc.;

iv) expanding the personalization of services offered to clients by developing tailor-made solutions for websites;

v) improving services with increasingly diversified and sophisticated measurement tools.

The Group has the following significant advantages in the Health & Public market:

i) a large sales force with solid knowledge of the local market;

ii) a powerful general media that generates strong audiences in this specific sector;

iii) an offering adapted to this market (including hotlines, online appointment scheduling and relationship marketing campaigns).

Competition

The Health & Public Vertical Business Unit faces a fragmented competition with numerous players offering very different communication solutions (direct marketing, specialized press, advertising leaflets, etc.), like Doctolib, Mondocteur and Mediapost.

SoLocal Services

SoLocal Services	2015	2016	Change
Internet revenues (in millions of euros)[1]	124	124	0%
Audience (in millions of searches)	251[4]	287	+14%
Number of Internet clients (in thousands)	77	71	-7%
ARPA[2] - Local Search	€1,231	€1,304	+6%
Penetration rate - Digital Marketing[3]	24%	25%	+1 pt

(1) In France.
(2) Average Revenue Per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.
(4) 2015 restated data.

Market of the Services Vertical Business Unit

The market of the Services Vertical Business Unit breaks down into various segments, including:

i) automobile/motorcycle commerce and maintenance (car dealers, mechanics, technical control, body shops, auto centers and specialists);

ii) services for individuals (taxis, undertakers, personal services, clairvoyance);

iii) real estate (real estate agents, notaries, inspectors);

iv) banking and insurance (banks, supplemental health plans, insurance companies, brokers).

Positioning of the Services Vertical Business Unit

In this market, digital maturity varies significantly by segment. The Services Business Unit aims to provide greater assistance to advertisers as they transition to online advertising by offering communication plans that meet their needs better and give a return on investment.

The Services Vertical Business Unit seeks to offer services that are increasingly adapted to its various segments and focuses on the following key issues:

i) offering diversified media solutions;

ii) developing the customization of services offered to clients by developing tailor-made solutions for websites;

iii) improving services with increasingly diversified and sophisticated measurement tools.

More specifically, in the real estate advertising market, SoLocal Group relies on one of the leaders in the real estate classified advertising field (according to Médiamétrie Nielsen), namely: the "AVendreALouer" website.

The Group has the following significant advantages in this market:

i) a large sales force with solid knowledge of the local market;

ii) two powerful and dynamic media: PagesJaunes, a general media, and A Vendre A Louer, a specialized media that is one of the leaders in the real estate classified advertising field (according to Médiamétrie Nielsen);

iii) offers adapted to this market, such as the Pack Vitrine, which offers real estate classified ads, the vertical Internet Visibility Card (CVI), a new offering of sites that are more user-friendly and effective in terms of SEO, direct marketing offers, etc.

Competition

The Services Vertical Business Unit faces well-established competitors:

- specialized players in the real estate sector: SeLoger.com (Axel Springer group), Le Figaro (FigaroClassifieds), Logic Immo, Refleximmo (S3G), De Particulier à Particulier, EntreParticuliers.com, leboncoin.fr, etc.;
- specialized players in the automobile, banking and insurance sectors: La Centrale, loan and insurance comparison sites;
- general players: leboncoin.fr (Schibsted group), ParuVendu, TopAnnonces (Spir Communication), regional and national daily press publishers, Vivastreet, etc.

SoLocal BtoB

SoLocal BtoB	2015	2016	Change
Internet revenues (in millions of euros)[1]	110	112	+1%
Audience (in millions of searches)	211[4]	234	+11%
Number of Internet clients (in thousands)	87	78	-10%
ARPA[2] - Local Search	€1,053	€1,131	+7%
Penetration rate - Digital Marketing[3]	18%	19.5%	+1.5 pt

(1) In France.
(2) Average Revenue Per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.
(4) 2015 restated data

Market of the BtoB Vertical Business Unit

The BtoB market includes major national advertisers, as well as 500,000 small and medium-sized enterprises, belonging to various business segments, such as:

- business services: photocopying services, logistics, medical secretary services, messengers, call centers, survey institutes, etc.;
- wholesale commerce: construction materials, office furniture, packaging, wholesalers, etc.;
- industry: printing, signs, forklift rent, butchers and abattoirs, dental prosthetists, etc.;
- construction and public works: public works, lift repairs, plumbing materials, earth-moving works, car park equipment, etc.;
- agriculture: farmers, cattle farms, grain producers, organic produce farmers, animal breeders;
- craftsmen: furniture manufacturers, upholsterers and decorators, fashion designers, costume designers, carpenters, tailors, etc.

These businesses all face similar communication issues because of their clientele. Nevertheless, the variety of the business sectors represented requires the teams to have in-depth knowledge of these markets in order to design communication and marketing campaigns suited to the issues of each segment.

Positioning of the BtoB Vertical Business Unit

SoLocal Group positions itself as an expert in local digital communication.

The BtoB Vertical Business Unit focuses on:

i) finely segmenting the various businesses in this market in order to offer services that closely match its clients' needs;

ii) assisting clients in shifting online and diversifying their online communication means;

iii) providing clients with the best local communication tools and demonstrating the added value and return on investment generated.

The Group has the following significant advantages in this market:

i) effective listings thanks to powerful media;

ii) direct marketing solutions;

iii) effective website solutions in terms of organic search engine optimization performance;

iv) a dedicated local leading sales force.

Competition

In this market, SoLocal Group faces competition from specialized companies. These competitors include:

- search: Google, etc.;
- specialized directory publishers: Companeo, Kompass, hellopro.fr, societe.com, etc.;
- specialized media: Infopro, Le Moniteur, Facilities, etc.;
- tradeshows and public relations: Reed Expositions, Comeposium, etc.;
- web agencies: Linkeo, etc.;
- direct marketing and CRM: Mediapost, etc.

International Vertical Business Unit

The International Vertical Business Unit refers to the QDQ Media activities in Spain.

6.3 Exceptional events

At the time of publication, no exceptional event had taken place.

6.4 Relations with shareholders

At the end of the Operation, a certain number of shareholders declared that they had exceeded thresholds. They are listed in Chapter 18.1 of this document. The Company does not maintain business relations with these shareholders.

6.5 The Group's dependence on certain factors

6.5.1 Dependence on patents and licenses

SoLocal Group owns many trademarks for a wide range of products and services, both in France and internationally, including the "SoLocal," "PagesJaunes", "Mappy", "A Vendre A Louer", and "Ooreka" trademarks. SoLocal Group thus owns all the trademarks it uses for its business.

Furthermore, the Group has registered a large number of domain names, including solocal.com, pagesjaunes.fr, mappy.com, avendrealouer.fr and ooreka.fr. The Group has also registered or begun registering numerous domain names for each of its sites in the countries where it operates or could operate.

6.5.2 Dependence on supply contracts and industrial contracts

6.5.2.1 Purchase of paper

SoLocal Group has signed a framework agreement with a paper supplier for the 2017 and 2018 editions. This supplier is one of the world's largest paper groups. The contract includes a purchase commitment for 100% of paper needs without any specific volume. PagesJaunes does not consider itself dependent upon this supplier considering the low volume of paper purchased.

6.5.2.2 Printing

To have its BtoC directories printed, SoLocal Group has signed an exclusive agreement with one printer covering the three years from 2014 to 2016, to ensure a reduction in prices compared to 2013 and price stability from 2014 to 2017.

6.5.2.3 Distribution

Each year, PagesJaunes concludes contracts with various companies to have the PagesJaunes and the PagesBlanches directories distributed. These contracts include volume and revenue commitments. PagesJaunes does not consider itself dependent on any of these distributors.

6.5.2.4 Access to directory data

The Company has signed agreements with a number of operators providing access to their subscriber databases. In general, these agreements are for a one-year period, renewable by tacit agreement for periods of one year.

Under these contracts, the Group's total costs to have access to operator databases for publication purposes (printed directories and online services) amounted to over 4.3 million euros in 2016.

6.6 Regulations

In addition to the regulations generally applicable to companies in the countries in which SoLocal Group is present, SoLocal Group is more specifically subject to information society legislation with regard to its directories business.

As PagesJaunes is mainly present in Europe, particularly in France, the discussion below focuses on European and French regulations.

6.6.1 Information society regulations

6.6.1.1 Internet content regulation and operators' responsibility

The European Directive of June 8, 2000 on certain legal aspects of information society services, and in particular on electronic commerce, which establishes the obligations and responsibilities of Internet operators, was due to be transposed into French law before January 17, 2002. This directive had been partially transposed in France via the Act of August 1, 2000, which amended the Act of September 30, 1986 with a new chapter entitled "Provisions on online communication services other than private correspondence" (Articles 43-7 to 43-10).

This Act created a direct or indirect identification obligation for online communication service publishers. Its Article 43-10 includes an obligation that individuals publishing an online communication service for non-professional purposes include their name and address on the website, or failing that the name and address of the hosting company of their website if they wish to maintain their anonymity. Individuals and legal entities who publish a website for professional purposes must include their exact contact details on their website (company name, registered office and the name of the publication's director or co-director) as well as the name and address of their hosting provider.

To that end, hosting services must provide publishers with the technical means enabling them to meet their identification obligations (Article 43-9).

As regards the hosting service's responsibility for the content of the hosted services, Article 43-8 stipulates that hosting providers are neither criminally nor civilly responsible for the content of the services they host unless, after being contacted by a legal authority, they do not act promptly to prevent access to the said content.

Furthermore, within the context of their identification obligations, hosting providers are required to retain all the information necessary to identify the person who created or produced the content of the services they host in order to be able to provide this information to the legal authorities upon request (Article 43-9).

This provision was supplemented by the Digital Economy Trust Act (or "LCEN" Act) of June 21, 2004, which stipulates the liability regime of technical service providers on the Internet and deals, in particular, with electronic commerce and data encryption.

The LCEN Act also states that hosting providers are not subject to a general obligation to monitor the information they transmit or store, nor a general obligation to investigate the facts or circumstances surrounding illegal activity. However, the judicial authorities may order targeted and temporary monitoring in individual cases.

Furthermore, the LCEN Act stipulates, in Article 6, paragraph I-2, that "individuals or legal entities which, even free of charge, provide storage services for signals, documents, images, sounds or messages of any kind provided by the recipients of these services and to be made available to the general public by means of online public communication services are not civilly liable for the activities or information stored at the request of a recipient of said services if they had no knowledge of the illegal nature thereof or of the facts and circumstances making the aforementioned illegal, or if, from the time they became aware, they acted promptly to remove said data or to prevent access".

The hosting provider, however, is only liable if the content or information in question is manifestly illegal and it fails to take prompt measures to remove such information or make it impossible to access. A recent decision by the Paris Court of Appeal (*Cour d'appel de Paris*) on December 2, 2014 confirmed this, citing Article 6 paragraph I-2 of the LCEN Act, by ordering Dailymotion, in its capacity as a web host, to pay 1.2 million euros in damages for having failed to promptly remove videos from its website after being notified to do so by the rights holder.

Lastly, on June 10, 2004, the *Conseil constitutionnel* formulated the following interpretative reservation on this provision of the LCEN act: "[...] paragraphs 2 and 3 of section I of Article 6 of the Act brought before the Court have the sole consequence of excluding hosting service providers from civil and criminal liability in the two situations mentioned; these provisions would not render a hosting service provider liable in the case that it does not remove information reported by a third party as being illegal unless the said information is manifestly illegal or its removal is ordered by a judge [...]".

Furthermore, three judgments of the French Court of Cassation on July 12, 2012 ruled that the hosting provider cannot be held liable for not having independently of any notification prevented any new publishing online of content that was previously notified as being illicit.

The LCEN Act also strengthens consumer protection, in particular through provisions regarding the obligation to provide the exact identification of the vendor and by establishing principles guaranteeing the validity of online contracts.

Companies that are granted this status will benefit from the tax advantages of press companies, such as full exemption from corporate property taxes and a lower VAT rate of 2.1%, and can also benefit from a special 20 million euros aid fund.

The criteria that determine whether or not a website is entitled to this status are: a "professional information mission"; the "journalistic production of original and renewed content", excluding content that is "self-promotional or incidental to a manufacturing or commercial business activity"; and employing "at least one professional journalist", as defined in Article L. 7111-3 of the French Labor Code.

The Hamon Act of March 17, 2014 transposed into French law Directive 2011/83/EU of October 25, 2011 on consumer rights and strengthened the requirements for distance selling — pre-contractual information, the withdrawal period and the period required for online contracts to become valid — in favor of consumers.

AFNOR standard NF 522 was issued in July 2013, to provide a framework for the development of services that enable consumers to post online reviews of products and services. On November 13, 2014, PagesJaunes obtained certification under this standard for a period of three years. This standard aims to increase the reliability of the processes and systems used to collect, moderate and post-consumer reviews on all digital economy media. An international standard on online reputations that also includes consumer reviews is also being considered by the International Organization for Standardization (ISO).

The French Digital Republic Act of October 7, 2016 strengthened the information obligations incumbent on digital platforms with a search engine activity, market place, goods and services comparison or social network activity or an activity dedicated to the collaborative economy. Several decrees have been published to specify players' obligations regarding fairness and regarding online reviews.

Decree No. 2017-159 of February 9, 2017 strengthens the transparency rules resulting from the Sapin Act of January 29, 1993 by specifying the information to be provided to advertisers in connection with digital advertising. This decree will take effect on January 1, 2018.

6.6.1.2 Protection of personal data

The European Framework Directive 95/46/EC of October 24, 1995, on the protection of individuals with regard to the processing of personal data and on the free movement of such data, defines the legal framework necessary to protect individuals' rights and freedoms. This framework directive was supplemented by a European Sectoral Directive 2002/58/EC of July 12, 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (called e-privacy directive) replacing Directive 97/66/EC of December 15, 1997. This Directive was itself amended by Directive 2009/136/EC of November 25, 2009.

On April 27, 2016, a new European regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC was passed. Although not challenging the fundamental principles of the protection of privacy, this regulation extensively revised the obligations to which companies are subject, particularly by shifting from a process of control a priori by the personal data protection authorities to a principle "*of accountability*."

This regulation significantly strengthens the rights of persons:

- Companies must, without exception, obtain the consent of the persons concerned for processing involving profiling.
- The right to be forgotten is strengthened, and any person may ask any company or organization that does not have a legitimate reason to keep his or her personal information to delete it.
- Companies are required to notify their clients of any theft of any accidental publication of personal data within a very short time frame.
- When personal data are processed outside of Europe, the users may contact the data protection authority in their country, even when their data are processed by a company established outside the European Union, if this company collects their data in connection with an offer of goods and services or behavioral tracking.
- The new rules will give the national data protection authorities the competencies to apply the laws of the European Union more strictly. The financial penalties will be strengthened since the proposals provide for fines ranging up to 20 million euros or 4% of global revenues.

The goals of this set of directives are, in particular:

- to harmonize European law on personal data;
- to facilitate their circulation (provided that the country to which the personal data are being transferred offers an appropriate level of protection);
- to protect individuals' privacy and freedoms.

Act 2004-801 of August 6, 2004, on the protection of individuals regarding the processing of personal data and amending Act 78-17 of January 6, 1978 on information technologies, files and freedoms, completed the transposition of Directive 95/46/EC into French law. This Act strengthens people's rights to their data, simplifies the procedures for reporting the processing of data that may be at risk and increases the powers of the regulatory authority, the CNIL.

The French Data Protection Act (*Loi Informatique et Libertés*) strengthens people's rights to their personal data, requiring data processors to provide more detailed information on the intended use of personal data. The right to oppose the use of personal data for marketing purposes is protected by law and the conditions governing the right of access and rectification of data are set out in the decree of March 25, 2007. For example, all requests to access or correct data must be responded to within two months or will be deemed to have been refused, and all refusals to access data or have them corrected must be justified. To simplify procedures, disclosure has been made the general legal requirement, with CNIL's preliminary control being limited to just those processes that put people's rights and freedoms at risk. Finally, the CNIL's powers have been extended and procedures for performing on-site inspections have been specified, with the CNIL now being able, for example, to issue injunctions to cease or suspend the processing of data, block information and withdraw authorization. Until the publication of the Lemaire Act of October 7, 2016, the CNIL could impose financial penalties of up to 150,000 euros for the first confirmed fault if the offender is an individual, and of up to 300,000 euros, or 5% of the previous year's pre-tax revenues, in the case of a company. Finally, the CNIL may make its warnings public and have any sanctions, it decides, published in a newspaper, magazine or other publication at the expense of the person sanctioned. In addition to this, the Hamon Act on Consumption No. 2014-344 of March 17, 2014 amended the Data Protection Act and authorized the CNIL to monitor compliance with the Data Protection Act online remotely from a computer connected to the Internet. These findings are recorded in a report sent to the agencies concerned and are binding on them. This modification creates the legal conditions that make it possible to adapt the CNIL's investigative power to the development of digital.

It has given the CNIL the opportunity to be more responsive and effective in a constantly evolving environment. The Commission is thus able to quickly note data security failures on the Internet and take action. It can also easily check the compliance of the legally required information provided on online forms and the rules that govern Internet user consent. This new power applies to "data that are freely accessible or made accessible" online and of course does not allow the CNIL to override security measures to penetrate an information system.

Within this context, the Digital Republic Act for the protection of personal data, called the Lemaire Act of October 7, 2016 has also created new rights for people: rights to be forgotten for minors, possibility of organizing the fate of the personal data of people after their death but above all more information and transparency concerning the processing of data in order to indicate to people how long their data will be kept.

The competencies and especially the power to sanction of the CNIL, in anticipation of the enforcement of the European regulation, are strengthened and expanded since the maximum ceiling for penalties increases from 150,000 euros to 3 million euros and now these financial penalties can be handed down without prior formal notice against companies when the fault established cannot brought into compliance.

Within the framework of its activities, SoLocal Group records and processes statistical information, especially regarding visits to its websites. In order to optimize its services and increase revenues it has also developed means to identify, using general statistics, Internet users' areas of interest and behavior online. For this purpose and to offer more personalized services, the Group also collects and process personal data, it sells to third parties or uses for targeted advertising projects.

The e-privacy directive has expanded its scope of application to include electronic communications. The new provisions are the following:

- The concept of traffic data now includes all data on traffic regardless of the technology employed, and therefore includes data on communications over the Internet.
- Cookies are permitted if clear and complete information is provided to the subscriber or user, particularly on how the data, thus obtained, is to be processed before the cookies are submitted and only if the subscriber or user has first given their informed consent to accept the cookies. However, cookies exclusively designed to perform or facilitate the transmission of a message, or those strictly necessary to provide a service expressly requested by the user (Article 5.3 of the Directive) are outside the scope of this provision. These provisions were transposed into French law by Act No. 2004-801 of August 6, 2004 on the protection of individuals with regard to the processing of personal data (Article 32 of the consolidated version of the Data Protection Act) and by the "Telecom Package" Order of August 24, 2010. A CNIL recommendation dated December 5, 2013 details the practical procedures for obtaining Internet users' consent to the use of cookies (some not requiring consent), by means of an information banner at the top of the first page displayed which links to an information page where the website visitor can refuse the cookie. Otherwise, consent is assumed to be granted for a period of 13 months. Subsequent to this recommendation, in October 2014 CNIL began to perform remote verifications to check the compliance of website operators. In this context, a Group site was checked on several occasions in 2014 and 2015; the reports signaled cookies submission upon initial page display, the relevance of the data collected, the veracity of the procedures claimed, compliance with legal information obligations and data security. The CNIL sent a formal notice to the site instructing the site to comply. This compliance having been achieved, the CNIL closed the matter on July 27, 2016 subject to compliance with the regulations concerning the ban on depositing cookies prior to any browsing
- Location information other than traffic data may only be processed after anonymization, or with the consent of the subscriber or user, duly informed in advance, and with the aim of providing an added-value service. Subscribers and users have the right to withdraw their consent at any time and must be able to exercise the option, simply and free of charge, of suspending the processing of these data every time they log on or for each communication transmission. These provisions were transposed into French law by Act No. 2004-669 of July 9, 2004 on electronic communications and audio-visual communication services (Article L. 34-1-IV of the French Post and Electronic Communications Code).
- With regard to directories, subscribers are entitled to decide whether their data, and where applicable, exactly, which data, may appear. Non-inclusion is free of charge, as are corrections and deletions. EU Member States may require subscriber consent for any public directory that is intended for any use other than simply searching for a person's contact details using their name. These provisions were adopted in Decree No. 2003-752 of August 1, 2003 on universal directories and universal directory enquiry services, which amended the French Post and Telecommunications Code. With regard to unsolicited communications (or spamming), direct marketing by e-mail is prohibited unless targeted at subscribers who have given their prior consent. However, where a person has received electronic contact details directly from a customer, the person may use this information to directly market to this customer products or services similar to those already supplied, provided that the customer is able to refuse such marketing when the customer's personal details are collected and when each message is sent. These provisions were transposed into French law by the LCEN Act and the Electronic Communications Act, which requires people contacted by online marketers to give their prior consent or "opt-in" under Article L. 34-1-III of the French Post and Electronic Communications Code.

This directive is currently under review, since the European Commission wishes, on the one hand, to replace this directive with a regulation and, on the other hand, to align its provisions with the general regulation concerning data protection.

On January 10. 2017, the European Commission presented a draft regulation that must be approved by the Member States of the European Parliament. This regulation is meant to take effect in May 2018, at the same time as the European Regulation on the protection of natural persons with regard to the processing of personal data and on the free circulation of such data. This draft regulation seeks to revise the default settings concerning third-party cookies in browsers, and to shift from subscriber presence in telephone directories to opt in for fixed telephone numbers.

6.6.2 Directories

Order 2001-670 of July 25, 2001, to bring the French Intellectual Property Code and Post and Telecommunications Code into compliance with EU law, transposed several European directives into French law, including the Directive on personal data protection in the telecommunications sector and Directive 98/10/EC of February 26, 1998 on the application of open network provision (ONP) to voice telephony. This directive is intended to liberalize the directories market and facilitate the provision of universal directory services. This directive requires telecommunications operators to provide directory publishers with their list of subscribers, upon request and subject to certain conditions.

Decree 2003-752 of August 1, 2003, as amended by the Decrees of May 27, 2005, 2005-605 and 2005-606, regarding universal directories and universal directory enquiry services, and amending the French Post and Telecommunications Code, requires telecommunications operators to supply their subscriber and user lists to any person wishing to publish a universal directory, either in the form of a file or via access to a database, operators are required to maintain up to date.

This obligation applies to any entity that is the registered owner of numbers on a fixed-line or mobile network.

This makes it possible to publish a universal directory, i.e. one that contains all subscribers to telecommunication services. As a publisher of printed and online directories, SoLocal Group welcomes this new regulation, which will enable it to acquire licenses to directory data from all telecommunications operators and to enrich its contents.

Article L. 34 of the French Post and Electronic Communications Code specifies that there are no restrictions on the publication of lists of subscribers or users to electronic communication networks or services, provided that their rights are protected and that operators are required to provide, in a non-discriminatory manner and at a price that reflects the cost of the service provided, the list of all subscribers or users to whom they have allocated one or more telephone numbers. This article also reaffirms the rights that govern the publication of personal data in directories and the use of directory enquiry services. Lastly, pursuant to this article, subscribers to a mobile telephone operator service must give their prior consent to inclusion in a subscriber or user list.

6.6.3 Database regulations

On March 11, 1996, European Directive 96/9/EC on the protection of databases was adopted.

The main innovation introduced by this directive was the creation of a new type of right, in addition to copyright, which protects, for a specified time, a substantial investment of money and/or time, effort or energy to obtain, check and present the contents of a database.

This directive was transposed into French law by an Act of July 1, 1998 that provided for a sui generis right that protects the interests of database creators, in addition to any protection provided by copyright (and most notably Articles L. 111-1, L. 112-3 and L. 122-5 of the French Intellectual Property Code and all of Title IV of Book III of this Code, i.e. its Articles L. 341-1 to L. 343-7).

This protection applies to database content "the constitution, verification or presentation of which reflects a substantial financial, material or human investment". This protection is independent of and without prejudice to the protection that copyright provides to a database's contents or graphic interface, as Article L. 341-1 of the French Intellectual Property Code stipulates that a database creator, who is understood to be the person who takes the initiative and bears the risk of making the necessary investments, is entitled to protection of his or her database content when its constitution, verification or presentation has required a substantial financial, material or human investment.

Database creators thus have a legal right to prohibit any substantial extraction of the content of their databases and any reuse thereof. Regarding this, Article L. 342-1 of the French Intellectual Property Code stipulates that database creators may prohibit the following:

- the extraction, by a temporary or a continuous transfer, of all of the content of a database or of a part thereof that is quality-wise or quantity-wise substantial, to another medium, by any means and in any form whatsoever;
- the re-use of all of the content of a database or of a part thereof that is quality-wise or quantity-wise substantial, by making such content or part thereof available to the public, in any form whatsoever.

This protection covers the extraction or reuse of a substantial part of a database even when the database has been made publicly available. This protection remains valid even when the person extracting content has lawful access to the database. Pursuant to Article L. 342-2 of the French Intellectual Property Code: "The database creator may also prohibit the extraction or the systematic or repeated re-use of parts of the content of the database that are not quality-wise or quantity-wise substantial, when such extraction or systematic or repeated reuse manifestly exceeds normal use of the database." However, Article L. 342-3 of the French Intellectual Property Code stipulates that: "When a database is made available to the public by the rights holder, the latter may not prohibit (...) the extraction or re-use of a part of its content that is not quality-wise or quantity-wise substantial by someone who has lawful access to the database (...)".

The database creator's rights are therefore normally protected for a period of fifteen years after the creation of the database or the date it is made available to the public (paragraphs 1 and 2 of Article L. 342-5). However, the term of protection may be extended if a further substantial investment is made, which in effect means that a database may then be indefinitely protected (paragraph 3 of Article L. 342-5).

6.7 Suppliers

See Section 6.5.2 "Dependence on supply contracts and industrial contracts".

6.8 Insurance and risk coverage

The Company has implemented an insurance and risk management program to cover its major property damage, civil liability and personal insurance risks.

The Company seeks to continuously optimize the management of risks that can be transferred to insurers.

The exchange of information between the Legal department, the risk manager, the internal control manager and Internal Audit department has been systematically organized to ensure that they each have a comprehensive perspective of the Group's risks that is as exhaustive as possible, in accordance with the risk mapping.

This comprehensive perspective enables the Group to find the most appropriate coverage for its insurable risks.

Insurance is obtained from major international companies and policies are regularly compared between insurers and renegotiated with the assistance of a leading major broker.

Property damage risk is insured under a Group insurance policy that covers "property damage and business interruption losses, including damage to goods during shipment", which covers all direct damage to goods and operating losses except for those that are specifically excluded.

The maximum annual cover amount per claim in 2016 was 49,900,000 euros for damage and business interruption losses, of which the latter accounted for 40,000,000 euros. This is sufficient to cover business interruption in the event of a major disaster that requires the implementation of a business continuity plan.

When it is time to renew the insurance policy, the insurer is accompanied by engineering department staff and the chief safety officer when inspecting premises to make sure that the insurer is able to assess risk as accurately as possible and that the best possible coverage is negotiated.

To reduce the premium, a term of two years was agreed for the policy, which can be revised in the interim if warranted by claims experience. The policy's limits and deductibles are in line with current market practices.

The civil liability policy covers civil liability claims from customers and third parties that may arise during business operation or business-related activities. The policy is an "all risks, subject to exclusions" policy, which means that all bodily injuries, property damage and consequential damage are automatically covered, including damage from computer viruses, unless expressly excluded.

This policy's deductibles were determined not only on the basis of the types of risk exposure, but also on each subsidiary's scope of exposure. This has made it possible to cover all risks without increasing the premium.

For civil liability coverage in 2016, the Company paid a provisional premium of approximately 80,000 euros, taxes included (84,000 euros, taxes included, in 2015).

For property damage and business interruption coverage in 2016, the Company paid a premium of approximately 117,000 euros, taxes included (180,000 euros in 2015).

For automobile insurance coverage in 2016, the Company paid a premium of about 590,000 euros (515,000 euros, taxes included, in 2015).

In response to the change in the Company's shareholding structure in 2013, the Company took out a Company Representatives Liability insurance policy offering maximum coverage of 30,000,000 euros. This insurance cost about 82,000 euros, taxes included, in 2016 (around 84,000 euros, taxes included, in 2015).

6.9 Major tangible fixed assets

Leases and subletting agreements are described in Note 30 to the consolidated financial statements for 2016, which is found in Chapter 20.1 — Historical Financial Information.

7 ORGANISATION CHART

7.1 Brief description of the Group
7.2 List of main subsidiaries and holdings

7.1 Brief description of the Group

A description of the Group is found in Chapter 6.1.1 – General presentation of the business of this Reference Document.

Furthermore, the list of consolidated companies along with their countries of origin, percentage of participation and control of the Company in each of these companies on 31 December 2016 is found in note 34 of the Appendix to the consolidated accounts.

7.2 List of main subsidiaries and holdings

A simplified organisation chart of the Group as of 31 December 2016 is provided below:

(1) PagesJaunes Outre-Mer SA is not consolidated due to its non-significant nature.

8 CORPORATE SOCIAL RESPONSIBILITY

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Introduction

1. Message from the Chief Executive Officer and General Secretary in charge of Corporate Social Responsibility

After several years devoted to the profound transformation of our Group - our business, our lines, our organisation - we underwent in 2016 a year of consolidation in our digital mutation. The new corporate culture encourages social responsibility and our position as leader in on-line communication gives us advantages in reacting. Thus in 2016 we continued in the three main areas on which we are structuring our efforts:

To build a motivating and fulfilling digital group for everyone: in relation to our colleagues, our challenge is to advance together while offering each the necessary support. Training and agreements promoting an intergenerational mix have been developed. Numerous efforts are being made to promote well-being at work, and in this regard our new head office of all the Paris-area entities marks an important step. More than half of our colleagues now share a high environmental quality building, where the workspace and equipment have been designed for a new way of working.

To preserve the environment in our business management: although the impact of online activities is today less than that of printing or travel, we are devoting increasing attention to it. By seeking to limit negative effects – re-use or recycling of equipment – and promotion of the beneficial aspects of online, particularly services that help the public to make eco-friendly choices. Moreover, our new head office implements and promotes best practice.

To energise the local economic fabric in a responsible way: energising local economic activity is at the heart of our business. In this framework, we lead the way in new responsible practices: AFNOR certification of our consumer reviews, for example. Beyond this, we organise or participate in numerous actions that allow small and medium sized companies to develop: running Digital Workshops, support of the French Tech label, etc.

We are proud that, during the turmoil of 2016, all our teams remained mobilised and continued to advance. This is proof that they share our deep convictions.

Jean-Pierre Remy, Chief Executive Officer
Pascal Garcia, General Secretary in charge of CSR

2. SoLocal Group, a responsible company

2.1 Organisation of the SoLocal Group

At SoLocal Group, the leader in local digital communication, we provide digital content, advertising solutions and transactional services that bring consumers and local businesses together.

Our organisational structure is presented in the Chapter "Organisational Chart" and our strategy is detailed in the Chapter "Overview of activities".

2.2 The origin and development of our CSR strategy

For SoLocal Group (until June 2013 the PagesJaunes group) Corporate Social Responsibility (CSR) is an integral part of daily business and is essential to achieving financial and extra-financial objectives. Corporate social responsibility means respecting our employees, protecting the environment and ensuring constructive relationships with our clients, suppliers, non-profits and other stakeholders.

Our first CSR initiative was to reduce the environmental impact of our printed directories business by optimising their production and distribution. We soon realised that CSR drives our progress and could inspire many other sustained initiatives.

CSR is a continuous process of improvement that enriches our vision and stimulates our desire to progress and work in partnership with others. Both our management and employees support the CSR strategy and initiatives, which serve the legitimate concerns of our stakeholders.

2.3 CSR governance

In 2011, our Partnerships, External Relations and Strategy department was put in charge of developing CSR strategy, which it now leads and supervises. This department's CSR team reports directly to the General Secretary and Deputy CEO in charge of Partnerships, External Relations and Strategy, who is a member of our Executive Committee. The CSR team, which consists of a CSR officer and CSR project manager, oversees all aspects of CSR.

All PagesJaunes divisions and SoLocal Group subsidiaries also have CSR correspondents. As a result, all of our people are actively engaged in our commitment to corporate social responsibility.

To achieve our specific employer responsibility goals, our Human Resources department has trained a team dedicated to improving well-being in the workplace, fostering diversity and facilitating the employment of people with disabilities.

The CSR team coordinates the efforts of correspondents and works with them to develop projects that will achieve our strategic CSR goals.

2.4 Obligations, objectives and key performance indicators

The SoLocal Group's three main commitments to CSR are:

- to build a digital group with a motivating and enriching work environment;
- to conduct business in an eco-responsible manner;
- to promote responsible local economic development.

These commitments have been integrated into our strategy and will drive our growth.

For each of these commitments, we monitor strategic objectives and indicators that enable us to ensure a follow-up:

KEY INDICATORS IN 2016

EMPLOYER RESPONSIBILITY
To build a digital Group with a motivating and enriching work environment

Empower employees to play an active role in our development	**101,608** hours of training **226** Eurêka [1] suggestions were implemented
Promote diversity and equal opportunity	**30%** of women in senior executives **4.6%** employment of disabled persons in 2015
Provide a pleasant work environment	**76%** of employees participated in the internal opinion poll[2]

ENVIRONMENTAL RESPONSIBILITY
To preserve the environment in our business management

Reduce the environmental impacts of our products and services	CO_2 emissions were reduced by **58%** between 2009 and 2014 **100%** of recycled paper in the directories
Limit the impact of colleagues travel	Head office at the heart of a **transport hub**: metro line, tram line, 16 bus lines, etc.
Reduce the environmental impact of business activities	**-26%** energy consumption (offices and data centres) between 2015 and 2016 **60%** of premises have environmental certification Almost **18** tonnes of electronic and electrical equipment removed in 2016 was **re-employed** or **re-used**

SOCIETAL RESPONSIBILITY
To energise the local economic fabric in a responsible way

Make an active contribution to local economies	One PagesJaunes job generates **two jobs** in the economy (public & private sector)[3] **92%** of French people used the PagesJaunes service in 2015[4]
Help small businesses increase their online presence	Almost **500,000** Internet advertisers **18** online regional associations supported
Ensure responsible communication that respects personal data	**2.6** days on average to process requests and removal of personal data in 2016
Win the trust of our customers	Almost **9 out of 10 internet users** trust the PagesJaunes (5) brand

(1) See Social Responsibility / Eurêka: collaborative innovation for management
(2) Source: Internal opinion poll carried out in 2016
(3) See Social Responsibility / Local economic impact
(4) Source: the TNS Sofres Audience Barometer, January to December 2015
(5) Source: Harris Interactive - Tracking the PJ brand, December 2016

2.5 Communicating with stakeholders

To give SoLocal Group businesses a stable foundation in the communities we serve and adapt our efforts to meet local requirements, we make it point to listen to and communicate with our stakeholders. Contact with all of our target stakeholders was established, via suitable and differentiating means:

- Employees:
  - the presence of an internal network of CSR correspondents which is involved in leading and implementing actions throughout the year,
  - awareness-raising among all CSR colleagues and communication of the various actions implemented:
    - via internal media: newsletters sent to all employees regularly mention CSR subjects,
    - events are organised in the various entities: activities during Disability week,
    - dedicated Group intranet pages and on the institutional site;
- General public:
  - Information on Group commitments via:
    - Group expert presentations during conferences: presentation of the PagesJaunes Les EcoPros project during the symposium on sustainable foodstuffs organised by Metro, interventions dealing with responsible design of digital services at the invitation of FrenchTech in Montpellier,
    - relaying Group actions in the media: launch of the Les EcoPros site of PagesJaunes (interview with Le Figaro, Ouest France, etc.), participation in the Green IT club (Novethic),
    - partnerships with e-RSE.net, media specialist in sustainable development,
    - relaying commitments via the institutional site and social networks;
- Government/Institutions: actions among members of parliament and ministries as well as professional federations, drafting of memoranda and participation in round table conferences;
- Suppliers:
  - a Sustainable Procurement Charter included in the majority of contracts,
  - selection criteria in certain tender processes and contracts;
- Business community:
  - membership in the Sustainable Development Directors College: participation in conferences and working groups,
  - membership in the Observatoire sur la Responsabilité Sociétale des Entreprises (ORSE),
  - membership in Green IT club;
- Business clients and users:
  - systems for feedback on satisfaction and expectations of business customers of the PagesJaunes subsidiary via studies carried out by external institutes,
  - organisation of a Business Client Experience department and a Consumer Marketing department in the PagesJaunes subsidiary to measure satisfaction after customer contact,
  - systems for feedback on satisfaction of users of the Group's media (PagesJaunes, Mappy) using on-going and periodic online surveys;
- Schools:
  - partnerships with target schools,
  - building the employer brand on social networks;
- Financial sector:
  - exchanges with non-financial rating agencies and investors.

More specifically, PageJaunes's Printed Directories department runs an awareness-raising approach to environmental certification among its employees. The head of department sets the major policies to be followed in areas of the environment. A letter specifying the commitments in terms of Quality and the Environment was distributed to all employees in this department. The environmental impacts are taken into account in the design of products (type of paper used, packaging, useful distribution). The system is systematically broached during annual seminars.

3. CSR reporting 2016

3.1 Reporting process

The decree implementing the Grenelle II law requires certain companies to annually publish information concerning various employer, environmental and societal themes. In order to fully respond to the requirements of this decree, SoLocal Group decided in 2012 to expand its communication of non-financial information in its Reference Document.

All actions linked to CSR commitments are presented in this CSR report, by way of information and dialogue with stakeholders. The scope of the employer, environmental and societal indicators published vary each year and that may vary between indicators.

The social indicators relate to the scope of the SoLocal Group and PagesJaunes.

The scope of the other indicators is indicated in the note on methodology attached as an appendix. A document explaining the reporting scope and the CSR indicators presented herein may be obtained from the CSR department upon request.

A new auditor, Cabinet Saint Front, was appointed as an Independent Third Party to audit the CSR information in compliance with the provisions of Grenelle II Act. In this regard, an audit report is presented in the Appendix to this chapter and comprises certification that the required employer, environmental and societal information has been reported, as well as an opinion on the sincerity of this information.

3.2 General data

3.2.1 Administrative data on our ICPE premises

SoLocal Group at the end of 2016 possessed a single installation classified for Environmental Protection under the Declaration regime and it concerns the Rennes data centre. The Group is no longer a tenant on the Sèvres site, since May 2016, where there was another ICPE premises.

On the Rennes site, the only classified activity is the storage of chlorofluorocarbons, halons and other carbons and halogenated hydrocarbons.

3.2.2 Financial data on provisions and guarantees on environmental risks

No provisions have been made and no guarantees granted in relation to environmental risks. We have identified no situation where such provisions or guarantees would be necessary.

Employer responsibility

SoLocal Group provides a dynamic work environment and stimulating career development opportunities for over 5,000 employees. These opportunities are made possible by the variety of our activities, which cover a diverse range of positions in regional and international entities.

Our CSR strategy and commitments are adapted and supported by our Human Resources policy, which applies to all employees, regardless of their job or employment status.

1. Sharing Group values

Customer, Team, Integrity, Agility and Innovation: these are the five values that SoLocal Group selected in late 2013, in a participatory approach that included our employees.

These values form a common foundation and guidelines for the flatter, more fluid, more agile and more digital company culture we are building.

Since a word can mean different things to different people, each value is accompanied with two "booster" phrases that employees can apply to their everyday work.

Customer: Be passionate about customer service! Let's make our clients happy!

- Team: Be engaged! Do it with the heart!
- Integrity: Trust and inspire trust! Be a model for others!
- Agility: Dare! Focus on what is essential!
- Innovation: Create and simplify! Aim for excellence!

2. Employment and employability policy

2.1 Workforce and remuneration

2.1.1 Workforce details

Workforce details on 31/12

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
Global registered workforce	5,482	5,080	4,969	4,423	4,028	3,944
France	5,008	4,556	4,472			
International	474	524	497			
FTE workforce	4,802	4,493	4,386	3,789	3,495	3,410
Registered field sales workforce	1,568	1,341	1,335	1,421	1,245	1,228
Registered telesales workforce	957	812	788	846	708	689
Registered non-sales work force	2,957	2,927	2,846	2,156	2,075	2,027
Permanent contract	5,422	5,053	4,934	4,386	4,013	3,927
Percentage permanent contract	99%	99%	99%	99%	99%	99%
Senior executives / total workforce	3.2%	4.0%	3.8%			

The drop in the workforce is partly due to the Employment Protection Plan (PSE) and the Voluntary Departure Plan (PDV). Within the framework of the cost reduction plan announced in April 2015, SoLocal Group sold the Sotravo subsidiary in 2016.

Average employee age and length of service on 31/12

	SoLocal Group		
	2014	2015	2016
Average employee age	40.9	40.9	41.1
Average length of service	10.9	11.0	11.2

Organisation of working hours on 31/12

	SoLocal Group		
	2014	2015	2016
Percentage of part-time employees	5.9%	6.5%	6.3%

The agreement on working hours gives employees of SoLocal Group, if they so wish, and according to the terms and conditions defined in the agreement, the opportunity to benefit from part-time work. Parental leave is one of the reasons for part-time work.

Part-time employees can be found in all departments and positions, including Sales, Support, Production and Information Systems.

The number of part-time employees is fairly stable, at around 6% of the workforce. For PagesJaunes, 6.4% of employees worked part-time at year-end.

2.1.2 Recruitment, turnover and departures

Turnover detail

	SoLocal Group		
	2014	2015	2016
Global turnover rate	12.4%	17.7%	16.5%

The employee turnover rate was slightly lower in 2016. Excluding the Employment Protection Plan (PSE) and the Voluntary Departure Plan (PDV) the rate is 12.8%.

	PagesJaunes		
	2014	2015	2016
Telesales turnover rate	23.8%	31.2%	26.2%
Sales turnover rate excluding telesales	4.7%	20.0%	6.7%
Non-sales turnover rate	7.0%	6.8%	8.5%

In 2016, the employee turnover rate of PagesJaunes sales force was less impacted by the PSE than in 2015. Excluding PSE, field sales work force turnover rate is 5.5%.

Recruitment and departure reasons

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
Number of permanent contract hires during the financial year	1,158	592	749	814	280	343
Number of permanent contract departures due at end of trial period	250	207	225	162	125	109
All departures	*39%*	*22%*	*27%*	*44%*	*19%*	*25%*
Voluntary departures (departures initiated by employee)	177	296	270	86	165	112
All departures	*28%*	*32%*	*33%*	*23%*	*25%*	*26%*
Non-voluntary departures (departures initiated by company)	206	429	330	120	363	211
All departures	*33%*	*46%*	*40%*	*33%*	*56%*	*49%*
Total of permanent contract departures	633	932	825	368	653	432

Recruitment in France increased (+51%) and dropped internationally (-16%). For PagesJaunes, there was an increase of 42% in telesales recruitment. Voluntary departures in France dropped (-35%) but increased internationally (+62%).

2.1.3 Employee remuneration

The SoLocal Group's remuneration policy in France comprises a series of direct and indirect remuneration items and company benefits. These items regularly form the subject of external comparisons.

Fixed remuneration is paid over 12 or 13 months depending on duties. Various bonuses are paid based on the articles of association (regular attendance bonus, length of service bonus, holiday bonus, child allowance, gross transport allowance, etc.).

The variable remuneration is based on achieving targets set according to the articles of association. For example:

- for sales teams: increase in turnover, quality and operational efficacy, etc.;
- for managers: targets linked to financial indicators, to the transformation of the information systems, to human resources and personal targets.

Indirect remuneration and company benefits include wage savings plans, social security and other benefits.

With regard to wage savings, a France Group agreement provides the framework for the various plans:

- Participation: a Group agreement was signed in 2006 and applies to all the French companies in the Group accepting that agreement. It provides for an exceptional calculation of the special participation reserve fund which applies if it is more favourable that the statutory formula.
- Group Savings Plan (PEG) and Collective Retirement Savings Plan (PERCO): these plans are accessible to all Group employees with 3 months' service.
- Employer contribution: to facilitate preparation for retirement, the SoLocal Group makes an annual financial contribution to PERCO with the payment of a contribution that supplements the payments made by employees (participation and/or voluntary payments).

With regard to social security:

- Health and benefits cover: a single plan for all Group employees in France, largely financed by the Group.
- Pension: all Group executives in France benefit from a supplementary pension plan known as "Article 83". The contribution amounts to 5.5% of the portion of the gross wage exceeding the annual Social Security limit, 2/3 of which is borne by the Company (see agreement on the introduction of supplementary pension plans).

Plans going further than the regulations exist in the foreign subsidiaries (Orbit Interactive, Digital to Store UK, QDQ, etc.).

Other company benefits exist within the Group:

- Company concierge service: the online company concierge service, launched within the scope of well-being and Health at Work action, enables employees to benefit from a set of "practical life" services within the company (dry cleaning, shoe repairs, ironing, alterations, etc.).
- Meal vouchers / company catering: depending on the sites, employees may benefit from meal vouchers and/or, where appropriate, use the company restaurant. This benefit is largely financed by the company.
- Works Council (PagesJaunes, SoLocal Holding, Mappy, SoLocal Marketing Services, ClicRDV): the company provides the works council with an annual allowance to finance the social, sports and cultural activities of its employees.
- Housing Action (PagesJaunes, SoLocal Holding, PJOM, Mappy, SoLocal Marketing Services): organisations work alongside employees at every stage of the housing path (looking for accommodation to rent, financing the guarantee deposit, buying a home, financing works, etc.).
- Long-service award (PagesJaunes and holding company).
- PagesJaunes working hours and leave: in addition to the 25 days of statutory paid leave, employees benefit, depending on their status, from days associated with the division of their leave, extra days offered by the company, days of leave for family events (births, marriages or civil solidarity pacts, moving house), days for reduction in working hours, long-service leave and days of time offsetting depending on status.
- Time saving account: a France Group agreement introduced a Time Saving Account. Subject to one year's service, it allows employees to accumulate their entitlement to paid leave or to benefit from immediate or deferred remuneration in return for periods of leave or rest not taken.

Since 2012, the Human Resources department has been preparing the Individual Human Resources Report, which is intended to provide employees with more information about the various factors constituting their remuneration as an employee of the SoLocal Group, and which include direct remuneration (fixed salary, variable remuneration, bonuses, Company savings plan, social security benefits and paid holidays) and any other benefits to which they may be entitled (e.g. Company restaurant, restaurant vouchers, corporate concierge service, etc.).

Presented in the form of an online portal, this report is now extended to all Group subsidiaries in France. In 2016, the report SoLocal was consulted at least once by 58.1% of employees concerned.

2.2 Involving employees in the Group's transformation

2.2.1 Employee development

2.2.1.1 Training programmes

In 2016, training supported the company's new ambition, "Conquérir 2020", with the objective of developing digital, technical and behavioural skills. Innovation also came in the form of learning, with new training formats combining presentations and digital (e-learning, Moocs, etc.). Thus, the main focus is based on three themes:

- All digital
  Senior Management set a goal of "All Digital" as early as 2015. At the end of 2015, more than 50% of company employees had followed "Digital Academy" training.

  In 2016, efforts in this area continued so that all company employees have access to a session suited to their level of computer skill, their job and challenges as well as the outlook for changes to the Web in coming years. In total, more than 4,000 employees have accessed various computer training modules and 136 candidates have received certification.

- Change management
  In 2016, the main objective in terms of management was to support managers in their role as drivers of change .

  Training came from several service-providers specialised in transversal domains: remote management, workplace health and work organisation.

- Supporting development in employment, skills and organisation
  In 2016, the company continued adapting its organisation to develop efficiency: training in technical and managerial agility, strengthening of technical skills and support of employees towards a less specialised and more transversal approach to their job.

Experiments with new approaches: co-development

SoLocal Group runs a co-development programme. It is offered today to all volunteering managers wishing to practice this approach which allows exchange of analyses and practices concerning issues or questions linked to the business. Internal facilitators have been trained in the technique and practice of co-development in order to run these groups.

Employee training

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
Number of hours of training provided during the year	172,894	139,802	101,608	162,485	116,963	87,253
Number of employees trained	3,916	4,432	3,135	3,465	3,875	2,752
Average number of hours of training per employee trained	44	32	32	47	30	32
Percentage of payroll allocated to training	3.9%	4.0%	4.0%	4.5%	4.4%	4.4%

Starting from 2016, some training is provided mainly via e-learning or Webinars and thus does not appear in the above data.

2.2.1.2 Career development

Employees are prime players in their career development. For this, they need pertinent information informing them of the potential support systems, the Group skills, posts available, etc.

This information is made available to them via the intranet and updated in relation to changes in legislation and current events in the Group. Employees can find in particular, all information relating to professional development (training measures, course programmes, mobility policy, job descriptions and possible internships, etc.) as well as interview campaigns: career interview, evaluation interview, target-fixing interview.

SoLocal has always accorded importance to career interviews; it is a way for each employee to consider the training to include in the following year's training plan. Since the reform in March 2014, the Group has placed further emphasis on this interview through specific communication (via the intranet and internal newsletters) in order to reiterate the objectives:

- to assess of the employee's activities,
- to discuss their expectations and needs in connection with their career plans,
- where necessary, to inform them of the various measures available to construct a career plan, determine the actions to be implemented to succeed in these plans and define the procedures for accessing professional training.

Moreover, in order to help employees manage their careers and enable them to contribute to the growth of the Group, Talents Reviews have been set up, first among non-sales staff and then for all employees. Following these reviews, a series of individual and collective actions have been deployed for the various talent populations: coaching, digital training leading to certification, learning expeditions, etc.

Internal mobility is also an important area for the Human Resources Department of the Group. It requires a dedicated policy and particularly the putting in place, as early as 2012, of a Job Centre portal, accessed via the intranet and regularly enriched with new features. For example, employees can update their CV, apply for vacant internal positions or receive alerts on opportunities that interest them. Employees have priority over external job applicants and are regularly informed of job vacancies via the internal newsletter.

2.2.2 Developing a digital company culture

2.2.2.1 Eurêka: collaborative innovation for management

Since September 2010, the Eurêka collaborative innovation programme has enabled employees to play an active role in our transformation. This programme aims to release their creative energy so that they can improve internal processes and come up with ideas for new products and services. On our collaborative Intranet platform, employees form a virtual community whose main focus is innovation.

Since this project was launched, employees have submitted over 5,800 ideas and over 75% of the employees targeted have visited the platform at least once. Their enthusiasm is easy to understand – their ideas and suggestions are given immediate visibility and they want to play a part in our transformation and be able to express their opinions on key questions in an open environment.

228 ideas inspired by employees have already been used and more than 37 have been added to the department road maps and implemented. By supporting the change process, transforming managerial behaviour and promoting the exchange of ideas and information across departments, Eurêka is making a strong contribution to SoLocal Group's innovation culture.

2.2.2.2 Digital Makers: employee ambassadors for the e-reputation of the Group

Piloted at the end of March 2016, the "Digital Makers" programme aims to make our employees ambassadors of the Group on social networks. Within an internal community, forty or so volunteer employees boost the visibility of the talents, products, customers, technology, etc., of the various Group entities on social media. The Group has trained them to construct their professional identity on social media, thus reinforcing control of their e-reputation. At the same time, they have become excellent advocates, contributing to developing the Group's renown.

3 Diversity

3.1 Improving the gender balance

SoLocal Group is committed to promoting diversity, in particular gender equality in the workplace. This policy is formalised for each subsidiary with dedicated agreements.

For PagesJaunes, this agreement has six objectives:

- promote and hire more women internally and externally;
- increase the number of women in senior management positions;
- improve access to training;
- promote equal pay for equal work;
- improve the work-life balance;
- increase the number of women in employee representative bodies.

The Group has also set itself new targets for 2017:

- to increase the proportion of female senior executives to at least 30%;
- to increase the proportion of female advisors/sales representatives to 35%.

Agreements also exist in the other subsidiaries, particularly Mappy. The main lines of action are to guarantee equal treatment for women and men in the recruitment processes, to guarantee equal pay and to make provision for a better reconciliation of working life with family life.

Since gender equality is largely dependent on establishing a successful work-life balance, SoLocal Group strives to improve the working conditions of its female employees and to adapt them to their personal constraints. Thanks to this approach, 100% of requests for part-time positions are granted.

Characteristics of the status of women employees on 31/12

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
Percentage of women with a permanent contract	50%	51%	52%	50%	51%	51%
Percentage of women with a fixed-term contract	68%	48%	57%	73%	60%	59%
Number of women senior executives	49	54	57	36	36	45
Percentage of women senior executives	28%	27%	30%	27%	27%	32%

The proportion of women in the workforce is growing. The proportion of women holding fixed-term contracts has increased compared with the end of 2015, associated with the increase in employees holding fixed-term contracts. The proportion of female senior executives has increased in SoLocal Group and PagesJaunes.

3.2 Making sure no-one is excluded

The Group is developing in a changing environment: people are working for longer on account of the ageing population and it is becoming more difficult for young people to access the labour market. SoLocal Group therefore needs to take these new circumstances into account, as maintaining a range of ages within its teams has become an essential factor in terms of the Group's social cohesion and economic competitiveness.

A new agreement promoting employment, the protection of older employees and younger employees within SoLocal Group was signed at the end of 2016 with four representative labour organisations. This 2nd agreement consolidates the commitments made in 2013 with the 1st intergenerational agreement and enables the Group to take into account the statutory changes made since the previous agreement.

3.2.1 Older employees

The new agreement promoting employment, the protection of older employees and young people within SoLocal Group signed at the end of 2016 will allow for a continuation of the action initiated with the previous agreement and incorporates a number of new elements.

It consolidates the Group's aims by acknowledging the value of the experience and skills of older employees and providing them with optimum support in terms of information and considerations around the second part of their career.

In view of the changes in legislation, the new agreement therefore proposes opening up the part-time work arrangement for older employees to sales staff and extending it to 5 years (compared with 4 previously), the maximum possible duration for this system.

A number of other systems have also been introduced:

- an interview for the second part of the career, intended to take stock with the employee, with regard to changes in business and the outlook for employment within the Group, the employee's skills and needs in terms of training and their professional situation. These career interviews are carried out on a voluntary basis at the request of the employee with their local human resources correspondent;
- t he provisional retirement appraisal: in order to help older employees aged 56 and over to prepare for their retirement, the Group has undertaken to finance a personalised "provisional retirement appraisal" conducted by a specialised external firm.

3.2.2 Young people

3.2.2.1 Development of employment for young people

As far as the integration of young people in employment is concerned, the new agreement promoting employment, the protection of older employees and younger employees within SoLocal Group is consistent with the Group's emphasis on recruiting talented young people to help them to develop their employability. This is based in particular on an active policy of developing links with schools and universities in order to attract trainees (internships and work-study programmes) and thereby boost the reputation of the businesses and employment opportunities within the Group.

Regarding young people, the Group has therefore made a commitment to:

- help young people get on the job market: this involves welcoming trainees and young people on work-study courses so that they have the opportunity to find out about a business sector and a company. This initiative is also intended to promote the range and diversity of profiles within the teams;
- promote the employment of young people on work-study courses on permanent or fixed-term contracts: work-study contracts enhance the professional development of young people during their training. These contracts or agreements fulfil the requirements of managers whilst highlighting the diversity of the Group's businesses among the general public. SoLocal Group is aiming to increase the number of young people on work-study courses being employed on a contractual basis;
- encourage intergenerational exchanges: the new agreement states that, as soon as the young people join their new team, their managers will introduce them to a contact person who will come alongside them to make them feel welcome and integrated and will support them during their initial period within the firm. This contact person will familiarise them with the firm and help them to gain a better understanding of their position and working environment. The agreement has also introduced a tutorship system in order to promote the transmission of the knowledge and skills of experienced managers. This system is in line with the firm's aim to acknowledge the experience of its senior employees, encourage exchanges between generations, pass on the corporate culture and integrate young employees under optimum conditions.

This agreement therefore clearly demonstrates the Group's desire to encourage and promote access and continued employment for the younger generations.

The Group is committed to a policy of welcoming full-time and work-study trainees (internships and apprenticeships) in order to develop the employability of young people throughout their training. This is also a major focus in the development of links between SoLocal Group and the national educational system.

In 2016, PagesJaunes welcomed 88 trainees in France (internships), based on the Company's management requirements and capacity to accommodate trainees. It also took on other trainees for a shorter period (school level – BAC+2).

Work-study contracts

	PagesJaunes		
	2014	2015	2016
Number of people employed on work-study contracts	61	73	72

For the second year running, SoLocal Group has been awarded the *HappyTrainees* label for 2016-2017.

Awarded by meilleures-entreprises.com, the HappyTrainees label is based on a survey conducted each year on several thousand students who evaluate the welcome and support provided by their respective companies at the end of their assignment on the basis of 6 criteria: working environment, management, pride, motivation, professional development and enjoyment.

The HR strategy and the Employer Brand of the Group have once again been rewarded for the quality of the supervision and support offered to students (trainees and apprentices), 80% of whom recommend the strategy. This award reflects the excellence of the integration policy for students and trainees within the Group.

3.2.2.2 Links with schools and universities

The partnerships with schools launched in 2014 enable the Group to pursue its strategy of enhancing visibility and developing recognition, particularly among students and young graduates.

At the end of 2016, SoLocal Group was working with 3 partner establishments including 8 business schools (EDHEC, KEDGE, Grenoble École de Management, EM Normandie, Skema Business School, HEC, IESEG, ESCP Europe) and 5 IT/Web colleges (Centrale Supélec, Epitech, ENSAI, ESIEE and Léonard De Vinci).

Within the framework of these partnerships, the Group has established promotional campaigns for its businesses (corporate talks, career days), participates in specialised forums, and challenges and involves young people in consultancy assignments.

Following the success of its *hackathon* (innovation competition) entitled "Digitale Alternance", organised in 2015 with École 42 for hotel and catering businesses, SoLocal Group repeated the experiment in 2016 with Epitech and Agrocampus Ouest involving 56 students who were given 48 hours to develop digital applications for farmers.

The winning team developed the mobile application "La Ferme d'à côté" which creates links between private individuals and farmers so that people can find out about the farming business whilst encouraging short channels, direct sales and local products.

Through "Digitale Alternance", SoLocal Group is hoping to develop:

- training based on the acquisition of skills on site: the competition encourages initiative, ingenuity and creativity;
- community training: progress and corrections are recorded by the other students;
- training focusing on innovation: the competition enables young participants to learn about innovation and how they can drive it;
- training based on diversity: the competition encourages young people from two different sectors of activity to work together.

3.2.2.3 Developing our employer brand on social networks

To increase the visibility of our employer brand and gain name recognition with young people from age 19 to 25 in addition to the students of our partner schools, we have been actively present on social networks since November 2012 and creating much of our own content.

Our strategy is to:

- make it known that we are a leading digital Group and employer;
- show concretely what our employees do;

- offer internship, work-study and job opportunities.

SoLocal Group has therefore increased its presence on such professional social networks as LinkedIn and Viadeo, while getting closer to young people by also being present on Facebook, Twitter, Yupeek and Wizbii, and on job sites that specialise in the recruitment of young graduates, such as Jobteaser.

To engage with and stay close to young people, we have adapted our editorial policy to appeal specifically to them, with a casual tone, attractive visuals and 100% online events. For example, the Group regularly publishes information on Facebook, Twitter, Viadeo and Jobteaser on business news and opportunities. These messages aim to invite applicants to discover the Group, its skills, its offers and its internal events.

Specific digital recruitment campaigns are also organised in cooperation with Community Managers from partner colleges. One such example is *"Ultimate Job Battle"*, a mobile game for students of EM Normandie which was launched in December 2016. The winners will be invited to attend an interview for a 6-month training course within the Group.

As a leading employer in the digital sector, we also offer advice to young people who follow us on digital businesses, training and job seeking. The campaign entitled "#UnePépiteParJour" launched in December 2016 on Twitter and Facebook, for example, offers advice and tips on managing their career.

3.2.3 Employment of disabled people

SoLocal Group is committed to promoting diversity and introduced an active policy focusing on disability in 2005. Since then the Group has been focusing its activities in two main areas: first, the integration of disabled people (with the aim of integrating around fifteen disabled people per year) and second, keeping disabled people in employment. A new agreement was signed on 4 May 2015 for 3 years by 4 representative labour organisations within the Group. This agreement was approved by the DIRECCTE (State's body in charge of businesses, competition, consumption and labour). It strengthens the commitments initiated by the initial agreement and is intended to be more ambitious in terms of encouraging the integration of disabled people on the basis of permanent contracts.

Within the framework of the three-year agreement signed in 2015, the Group is committed to integrating 15 disabled people each year on the basis of professional training contracts and 5 people on permanent contracts. In order to fulfil this aim, the Group is drawing on its experience of employing people on professional training contracts and is working on adapting its work stations.

In 2016, a number of different campaigns were launched as part of the SoLocal Group's disability project: technical adaptation of the work station, ergonomic studies, specific training campaigns, funding for equipment and specific transport, support for procedures, etc.

The Group is keen to take the situation of every disabled employee into account and respond to any compensation requirements. This may involve the adaptation of technical positions (by providing equipment), organisational adaptations (introduction of teleworking or adaptation of working hours) or "human" assistance (such as using sign language interpreters, speech therapy sessions linked to work, suitable transport, etc.).

The protection of employment for disabled people may also take the form of training campaigns and the development of skills.

One of the priorities for SoLocal Group is to reassign employees in-house if they have been pronounced unfit for a certain position by the occupational health service. In this context, a multi-disciplinary group may meet to develop initial solutions for these situations in addition to the legal mechanisms.

The Group also supports its employees in their approaches to obtaining official recognition as disabled employees.

Further campaigns are also being conducted to raise the awareness of employees within the company to the issue of disability. A campaign to raise awareness to disability is proposed every year for all employees in order to offer basic information in an informal context. These campaigns to raise awareness are carried out during the week to promote employment for disabled people and the international day for people with disabilities, and take 2 forms:

- a quiz involving all the employees within the Group;
- the organisation of a day to raise awareness.

A number of workshops were organised in 2016 within regional entities and at the new registered office of Citylights Boulogne which employs around 2,000 people. These workshops proved to be a great success.

This campaign to raise awareness helps to publicise the Group's commitments as a responsible employer both internally and externally (particularly by publicising the event on our HR social networks).

SoLocal is experimenting with calling upon the protected sector for subcontracting services. For example, the relocation of the registered office provided an opportunity to launch a project with teams from the purchasing department, the CSR and the HR department with a view to inviting a service-provider from the protected sector as a joint contractor to clean the premises together with a primary service-provider. This joint campaign meant that 20% of cleaning activities on the new site were entrusted to the protected sector encouraging daytime work.

Percentage of disabled employees

	SoLocal Group		
	2013	2014	2015
Percentage of disabled employees	3.9%	3.7%	4.6%

In 2016, 24 job protection campaigns were launched as part of the SoLocal Group's Disability Project (technical adaptation of the work station, ergonomic studies, specific training campaigns, funding for equipment and specific transport, support for procedures, etc.).

4. Well-being and Health in the Workplace

4.1 Action plan

Within the framework of the fundamental transformation of its organisation and business model, SoLocal Group has decided to introduce a plan of action to promote well-being and health in the workplace in order to support the current changes in the context of actual employment conditions. The local action plans developed by managers have a multi-disciplinary focus in terms of their development and the monitoring of performance indicators.

The plan was implemented throughout the Group as a whole in 2016. It helps to avert psychosocial risks and improve well-being and health in the workplace. It has been developed around 5 main lines and 8 priority campaigns:

- accompanying the management line in its support role;
- understanding and solving business problems;
- supporting those involved in health in the workplace;
- raising the awareness of employees to the prevention of psychosocial risks and well-being at work;
- enhancing possibilities for the detection and optimisation of warning processes and the increased prevention of psychosocial risks.

The implications of this plan of action are that performance targets can be reconciled with the well-being of the employees.

In addition, the Human Resources department of SoLocal Group and the representative labour organisations launched negotiations in September 2016 on health and well-being at work with the aim of incorporating existing preventive systems and actions and discussing new approaches to well-being at work, particularly the right to disconnect and the reconciliation of private and professional life.

The raising of awareness among all employees to the prevention of psychosocial risks and well-being at work is an area in which SoLocal Group conducted a number of campaigns in 2016 in order to provide employees involved in prevention with accessible, continuous information on the listening and support systems established within the firm via the Group Intranet.

4.2 Monitoring the well-being and health in the workplace initiative

The Group conducts a survey each year among all employees in order to gather their opinions on their perception of their working environment, professional development, the aim of their work, cooperation within the Group, strategy, commitment, etc.

The annual survey allows the management team to listen, understand and identify the priorities and solutions so that specific action plans can be implemented. The survey is conducted on a completely anonymous basis on-line with the assistance of an external service-provider. The 2016 survey conducted on employees in France and abroad attracted widespread interest: 76% of employees responded (+3% compared with 2015).

Seventeen of the questions to which employees were asked to respond related to well-being and health in the workplace. The responses provided to these questions were analysed in detail and presented to the CHSCT and managers and incorporated in the local action plans developed for individual entities and departments.

In 2015, SoLocal Group presented photographs of the psychosocial risks facing employees evaluating constraints at work, the nature of the risks (demands, autonomy, support, significance of work) and the perceptions expressed.

All these expert appraisals carried out on well-being and health at work were passed on to the managers and the CHSCT.

The data on absenteeism due to illness, which has been cross-referenced with other quantitative data, is monitored on a quarterly basis by the CHSCT. Depending on the situation, a multi-disciplinary analysis may be carried out with the manager, the human resources manager and the CHSCT.

Well-being at work is also monitored on the basis of annual reports drawn up by the occupational health service for all sites and the social employment department coordinated by an advisory social worker.

Rates of frequency and severity of industrial accidents

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
Rates of frequency of industrial accidents	7.3%	7.4%	7.8%	6.5%	7.9%	7.7%
Rates of severity of industrial accidents	0.4%	1.0%	**0.9%**	0.5%	1.2%	1.2%

On the basis of its initial observations, the Group has implemented a policy for the prevention and reduction of absenteeism due to illness by developing a national action plan appended to the welfare policy and health costs applying within the Group. In 2016, the rate of absenteeism due to illness stood at 7.1% for SoLocal Group and 8.1% for PagesJaunes.

4.3 Training for senior executives

Well-being at work and the development of performance were promoted in 2016 by a number of training activities targeting managers. Particular emphasis was placed on the sharing of skills relating to the commitment of all managers to integrating human factors within performance. The senior managers of the firm were invited in 2016 to consider their working practices and methods in order to offer a personal contribution to the improvement of well-being at work and performance.

This approach initiated with senior executives was extended to local managers. 300 managers were trained in 2016 in the area of change management and dealing with difficult situations by placing human elements at the heart of performance.

In addition, within the framework of the integration of "new managers", a whole day was dedicated to the subject of the prevention of psychosocial risks. SoLocal Group hopes to raise the awareness of its management teams to psychosocial risks by drawing their attention to the implications of primary prevention, risk factors and the associated management methods. 25 primary managers had been trained by the end of 2016.

In order to optimise the teams involved in the field of health at work, in addition to the expected role of the manager in this area, nine of the firm's regional CHSCT and all human resources managers received training on the prevention of psychosocial risks and their expected role among players involved in health at work especially in particularly difficult situations.

4.4 Campaigns for the improvement of well-being

Support systems for the prevention of psychosocial risks

In addition to the listening and support systems already in place within the firm (psychological support service), SoLocal Group has adapted and customised its support services in line with the context of the firm in order to provide appropriate responses to specific situations:

- hotline for psychological support and care provided by consultant psychologists specialising in traumatic situations;
- psychological support groups provided to deal with difficult situations;
- personalised systems to support managers (including coaching);
- tailor-made support for deteriorating group situations;
- mediation in conflictual situations;
- individual / group support by the team from well-being and health in the workplace sector.

Problem-solving workshops

A number of problem-solving workshops were set up in 2016 in order to discuss work situations from the point of view of performance but also in terms of improving working conditions. The format consists of encouraging employees to work together to find specific, simple solutions which can be implemented and to solve problems identified by the Group.

The system for promoting reintegration in the workforce

The advisory social worker associated with SoLocal Group writes to all employees who have been absent due to illness for over 6 weeks to help them to return to work and maintain social links during long periods of absence. The company has also established a partnership with its welfare organisation and a specialised service-provider to develop a personalised, overall approach to help employees who have been absent for a long period to return to work.

Teleworking

The Group encourages teleworking within its teams. In 2015, for example, PagesJaunes concluded a teleworking agreement with its social partners. Teleworking is open to all employees provided that the business is eligible for this type of work organisation and the associated equipment makes this working method possible. Teleworking is associated with digital working methods. It responds to a high demand from employees wishing to balance family and work and reduce travelling times and the associated fatigue. This type of work arrangement is offered for 1 or 2 days a week. In certain cases, it enables employees in more vulnerable categories to remain in work (e.g. disabled workers, older employees living a long way from their workplace, etc.). At present over 200 employees are involved in teleworking.

The example of the new registered office: Citylights

As far as premises are concerned, our employees in Île-de-France moved into their new registered office in the Citylights buildings in Boulogne-Billancourt in May 2016. These new working areas have been redesigned on the basis of digital operating methods and adapted to the expectations of employees and in particular the younger generations.

Physical and sporting activities: a performance lever for the company

SoLocal Group was awarded the "Sentez-vous sport" trophy in December 2014 in the "health and well-being" category by French National Olympic and Sporting Committee (CNOSF). This trophy encourages firms to develop sporting activities within the company in order to promote health as well as to enhance and social and economic performance of the company.

The Group has developed a unifying project based on physical activity in order to combat sedentary tendencies, prevent physical problems such as musculoskeletal complaints and develop "healthy attitudes" by means of campaigns to raise awareness.

Employees at the registered office have access to an integrated fitness area. Group lessons consisting of a range of standard fitness activities are provided. Outdoor activities are also proposed including active walking, running and participation in charity races such as the Parisienne and the Odysséa which attract over 100 people every time.

In addition, around 350 employees came together for the third consecutive year in June 2016 to take part in the "Move It Day" involving an afternoon dedicated to relay races and other sporting activities.

Around 650 employees in total took part in a physical or sporting activity in 2016 thanks to the different activities offered. A number of regional initiatives have also been encouraged such as Lyon by night, the green marathon in Rennes, the 10K in Annecy and the telesales football tournament in Sèvres.

Different training modules on the subject of health have also been offered to all employees:

- Optimising your health capital on a daily basis", which consists of raising the awareness of employees to the importance of prevention in terms of health so that they can take action in this area, consider the consequences of their lifestyle and assume an active role in terms of prevention (nutrition, sleep, back pain);
- "Giving up smoking" to help employees to stop smoking.

5. Labour relations

Labour relations within the group are on two levels: a Group level (France) for certain agreements and a subsidiary level for the entities concerned. Certain bodies exist at a regional level in the case of the PagesJaunes subsidiary.

5.1 Union rights

In 6 May 2014, PagesJaunes signed an agreement with the representative unions on the conditions of developing working hours, targets and remuneration for employees holding office as staff representatives. This agreement also aimed to provide the representative unions with long-term material, financial and human resources allowing their proper functioning and the development of constructive industrial relations to be guaranteed.

The representative unions within the Company are the Management's natural and preferential contacts for developing constructive industrial relations which the signatories to this agreement wish to develop and increase.

SoLocal reaffirms its desire to guarantee the correct functioning of the Representative Staff Bodies. Collective negotiation is a decisive form of industrial relations which the Company intends to promote in order to prevent and resolve any conflicts arising.

The Company also wishes to confirm its commitment to the freedom of exercise of union rights and its wish to ensure the observance thereof. It seeks transparency of information and the search for constructive solutions to ensure that no discrimination based on exercise of a mandate applies or is encouraged.

It recognises conciliation in the exercise of a mandate of representation with the occupational activity as essential to the quality of the representation.

It reaffirms the importance of full integration of employees holding mandates into the life of the Company and the need to allow them to follow a career path corresponding to the development of their skills.

5.2 Reorganisation of business

Employment Protection Plan

During the course of 2013, PagesJaunes had to be reorganised in order to guarantee its sustainability faced with a constantly changing and increasingly competitive market environment.

A project on changes in the model and the organisation of PagesJaunes was presented for information and consultation to the staff representation bodies concerned in September 2013. After 10 negotiation meetings with the trade unions conducted in parallel with the procedures of informing and consulting the CHSCT on the one hand and the works council on the other, a majority agreement concerning the measures for the social support determining the content of the employment protection plan was signed on 20 November 2013.

This plan involved the removal of 22 jobs offset by the creation of positions for the employees concerned within the framework of internal reclassification. The objective was to maintain employment within or outside the company (offset by the financing of training). There have been no direct redundancies and the overall project has been a net creator of jobs (48 jobs).

This agreement received validation by the DIRECCTE on 2 January 2014, confirmed by the administrative court of Cergy-Pontoise in its ruling of 22 May 2014. This decision was cancelled, however, by the administrative court of appeal of Versailles in a judgment of 22 October and by the Council of State due to a lack of majority. The existence or the content of the plan were therefore not disputed. These decisions do not call into question the validity of the procedure followed or the reality of the economic reasons that justified the procedure implemented by PagesJaunes.

Voluntary redundancy plan

The long-term reorientation of the activities of PagesJaunes towards dynamic, profitable market segments involved additional efforts in the context of the Employment Protection Plan implemented in 2014.

The Company's aim to increase its digital turnover by 10% by 2018 involved the continuation and accentuation of the efforts made in this context over recent years, notably through the transformation of a certain number of businesses, tools and processes. A voluntary redundancy plan was introduced at the end of 2015 / beginning of 2016 in order to support market developments and the new organisation of the Company.

This plan is part of an overall operational improvement plan whose aim is to generate 30 million euros of savings on an annual basis; this savings plan incorporates the voluntary redundancy plan, the reduction of external expenses and the closure of certain subsidiaries. 140 positions were eligible for voluntary redundancy for employees belonging to one of the predefined professional categories which had developed a professional project. The number of departures could not exceed 140 and 70% of applications were made within the framework of a retirement plan. The establishment of this plan reflects a desire to avoid forced departures and encourage the completion of external professional projects for employees wishing to avail of this option.

5.3 Additional agreements

In 2016, this social dialogue was consolidated through the signing of a number of agreements within SoLocal Group:

- an agreement relating to the Forward-Looking Careers and Skills planning;
- a group agreement establishing additional "incapacity, invalidity, death" cover;
- an agreement relating to employment, the protection of older employees and young people;
- an agreement on methods and resources for the negotiation of a GPEC agreement;
- an additional clause No. 4 amending the agreement on the introduction of supplementary pensions plans.

With regard to PagesJaunes, it culminated in the signing of:

- a method agreement on the consultation period for the works council of PJ SA concerning the draft collective agreement establishing additional "incapacity, invalidity, death" cover within the SoLocal Group;
- an agreement relating to the continued mandates of DS and DP within the framework of Citylights on 2 May 2016;
- an additional clause to the agreement on methods and resources relating to the draft addendum to the plan for the development of the model and the organisation;
- an additional clause No. 1 to the agreement relating to union law within PJ SA of 6 May 2014 for sales and telesales teams of 25 February 2016.

Environmental responsibility

SoLocal Group continues eco-responsible management of its activities as a basic component of its culture, in line with its key value of integrity. Another of our objectives is to develop services that will enable our clients to do their share to protect the environment.

The PagesJaunes subsidiary has updated its greenhouse gas emissions appraisal for the year 2014. Greenhouse gas emissions were reduced by 58% between 2009 and 2014 exceeding the target of -50% between 2009 and 2015. The campaigns implemented have thus been effective.

PagesJaunes has established new targets within SoLocal Groups to continue to reduce greenhouse gas emissions linked to its activities and undertakes to reduce its emissions by -30% by 2018 compared with 2014.

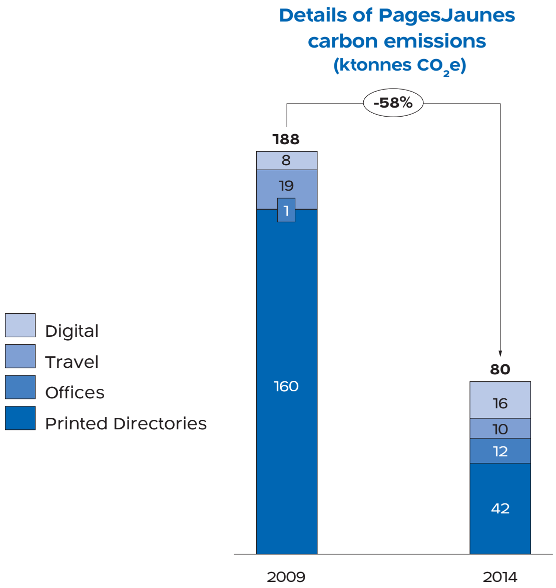
This reduction target for 2014-2018 covers the three areas of greenhouse gas emissions defined by the GHG Protocol.

SoLocal Group has developed a strategy to adapt to climate change through its environmental approach concerning printed directories, the identification of eco-responsible professionals and the environmental certification of its buildings.

1. Impact of activities

1.1 Appraisal of the greenhouse gas emissions of PagesJaunes 2009-2014

Details of the main greenhouse gas emissions of PagesJaunes between 2009 and 2014 (scopes 1 to 3)



Emissions linked to Printed Directories relate to the entire lifecycle of directories from manufacturing to recycling. Apart from the decrease in volumes linked to activity, the efforts made in terms of the eco-design of directories and the optimisation of distribution explain the decrease in emissions in this category.

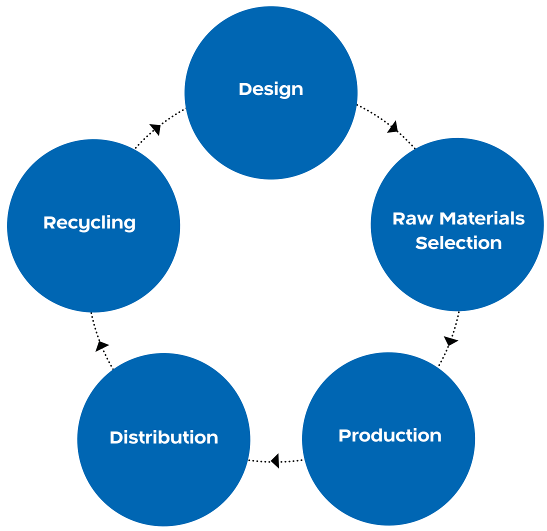
Emissions linked to travel include business travel concerning all employees by company car, aeroplane, train, etc. and travelling between home and the work place. The examination of this category became increasingly precise between 2009 and 2014.

Emissions linked to office life include in particular the energy consumption of office buildings, the purchasing of intellectual services and supplies, employee meals, waste production and refrigerants. The addition of new emission categories in the 2014 appraisal accounts for the increase in this area compared with 2009.

Emissions linked to the digital sector include the energy consumption of data centres, the impact of computer hardware and the impact of users of the digital services of PagesJaunes. Since data centre consumption has been monitored for a number of years, it is mainly the inclusion of the impact of users of the digital services of PagesJaunes which accounts for the increase in this category. This point has been discussed with the senior digital expert, Frédéric Bordage from Greenit.fr in cooperation with the company PwC. According to their analysis, the environmental impact of the hardware used by PagesJaunes, and in particular its users, is a decisive element. The manufacturing of equipment (computers, tablets, mobiles) has a significant impact in terms of greenhouse gas emissions. PagesJaunes has therefore developed a digital eco-design approach for its new site pagesjaunes.fr. This means that the site can be viewed from any type of device with optimum performance in an attempt to prevent the increasing obsolescence of user devices. The pagesjaunes.fr site was quoted as being one of the top 10 most successful sites throughout most of 2016 [1].

1.2 Printed directories

1.2.1. Environmental Management System



The efforts made to reduce the environmental impact of our printed directories are part of a global approach covering the entire life cycle from the design of the documents to their ultimate recycling.

(1) Source: Journal du Net.

In line with its overall procedure, the Printed Directories Department of PagesJaunes decided in 2009 to implement an environmental management system with the aim of coordinating its efforts to reduce the environmental impact of its activities. This management system has been certified according to the ISO 14001 standard. This certification covers the entire design, production and distribution procedure for printed directories.

This approach has made it possible to include an environmental component in all the processes applied by the Printed Directories Department. This is aimed at measuring and controlling the environmental impacts of the activities within our responsibility while still complying with current texts and regulations.

From a legal standpoint, the introduction of ISO 14001 involved:

- identifying all the statutory texts relating to the Group's businesses as well as those applying to its assignments;
- setting up regulatory monitoring to observe any amendments in these texts.

From an operational standpoint, it has contributed to:

- the identification of activities that are likely to have a significant environmental impact within each process;
- the definition of an annual action plan (environmental management plan) in order to implement campaigns aimed at reducing the significant environmental impacts of our activities while still complying with the requirements of current regulatory texts. These action plans are monitored every six months on the basis of indicators examined by an environmental committee.

The environmental approach concerning printed directories also involves the suppliers. They are all regularly informed of the expectations of PagesJaunes. In this context, the environmental policy has been made available to all suppliers, including stationers, printers, distributors and shipping service-providers. In addition, the PagesJaunes paper suppliers and printers are ISO 14001 certified.

As a result of this campaign, the carbon footprint of printed directories was reduced by around 74% between 2009 and 2014. 34% of this reduction can be accounted for by the eco-design activities carried out during this period which are described in the following paragraphs. The rest can be explained by the reduction in volumes produced and the optimisation of distribution.

1.2.2 Processes and indicators

1.2.2.1 Design

Reducing the environmental impact of printed directories begins with the design phase. The Printed Directories Marketing Department is responsible for designing directories. As such, it is a stakeholder in the choices made in terms of defining directory formats, page layout for the information, background colorimetry of the page, types of paper used, etc.

Through the Environmental Management Plan, various actions have been studied and implemented by the Printed Directories Department:

- reduction in the density of yellow on the background of the pages of the PagesJaunes directories;
- revised format in order to limit trim waste at the printers;
- reducing the weight of directory paper: switching from a 36g paper to a 34g paper which reduces the weight and therefore the tonnage to be transported;
- study concerning a reduction in the thickness of the packaging films in order to limit the consumption of them.

1.2.2.2 Responsible choice of raw materials

The choice of the raw materials for the directories constitutes the second essential step in the life cycle on which PagesJaunes is focussing its efforts in order to limit the environmental impact of its publications. The main material in directories, paper represents a strategic purchase item for which attention should be given in order to ensure a sustainable and responsible supply. For this, PagesJaunes associates its paper suppliers to its approach.

Indeed, although the paper purchased by PagesJaunes for the directories is not PEFC or FSC certified, it does however contain 100% of recycled fibres for the 2016 edition. Furthermore, the Printed Directories Department's paper supplier has implemented a sustainable resource management policy ensuring that wood supplies are clearly identified.

Also note that 100% of the delivery notices left by the distributors are printed on PEFC paper. The same applies to the posters affixed in buildings when the printed directories are distributed.

1.2.2.3 Production

Printed directory production and distribution

	PagesJaunes			
	2014	2015	2016	ΔN-1
Ink consumption (in tonnes)	400.4	323.3	195.5	- 40%
Paper consumption (in thousands of tonnes)	19.5	16.3	10.8	-34%
Tons of paper distributed (in thousands of tonnes)	16.4	13.6	9.2	-32%
Number of printed directories produced (in millions)	28.8	27.0	21.5	-20%

The reduction in page volumes and optimisation of formats explain the rapid decline in ink and paper consumption.

The Printed Directories Department's environmental system also covers the printing and assembly of directories. Special attention is therefore paid to their ability to obtain and maintain environmental certifications. Today, our printer holds several certifications such as ISO 9001 (quality management), ISO 14001 (environmental management) or certifications concerning the traceability of wood materials: PEFC and FSC. Risk management is incorporated and managed through the certifications obtained.

In addition, the printer is regularly audited by the Printed Directories Department's Quality service. During these audits, the printer presents a report on its activity. An exchange concerning paths for improvement and upcoming actions is also carried out. Among these actions, a global study concerning transports (freight) was conducted, incorporating all of the constraints in order to reduce the environmental impact of this item as much as possible.

Finally, the printer contract stipulates the contractual quantities of consumable paper for the production of the directories. To encourage the printer to reduce paper consumption, a monetary penalty is applied when this consumption limit is exceeded. If they use less paper, PagesJaunes will pay them a bonus.

1.2.2.4 Optimising distribution

Special attention is also paid to directory distribution, to reduce paper and packaging consumption and ensure that directories are not delivered to people who do not want them.

To begin with, PagesJaunes uses environment-friendly or recyclable packaging for the packages distributed. The reduction in the weight of the directories makes it easier to distribute them directly in mailboxes and reduces the use of sacks for distribution. The fall in directory volumes also helps save the protective film used.

Indeed, PagesJaunes is continuing to carry out consultations before distribution in order to know whether or not people want to receive the printed directories. These telephone operations focus on residential inhabitants identified in the PagesJaunes distribution base and taking in continental France.

However, in highly populated areas, people are not contacted in advance by telephone and the proportion of directories to be distributed relative to the local population is determined on the basis of studies conducted by the Printed Directories Department.

Since these consultation operations were initiated, nearly 15.1 million homes have been consulted. The demand rate for directories is on average over 68.76%, including in the Paris area.

The "recevoirmesannuaires.pagesjaunes.fr" website, launched in September 2008, enables everyone, private individuals as well as professionals, to receive the directories that they need via an online ordering tool.

Moreover, PagesJaunes is constantly working on improving the quality of the addresses appearing in its Distribution Base in order to make distribution more reliable and to reduce the costs of non-quality.

These household consultation operations are continuing for the 2017 edition and will be supplemented by two specific actions. The first, aimed at households who answered "Yes" to the operations carried out in 2014. This action is intended to confirm or cancel the choices made by these households. The second action is aimed at households which could not be contacted during operations from 2011 to 2014 in order to try and obtain their opinion as to whether or not they wish to receive the directory.

1.2.2.5 Recycling directories

We also care about what happens to our directories when they are no longer needed and believe that the manufacturer is responsible throughout the product life-cycle. The Group actively participates in the actions of EcoFolio, the eco-organism that organises and finances paper recycling. The amount of the financial contribution which the Company is required to pay in respect of 2016 is estimated at 320,000 euros excluding tax.

Finally, still from the perspective of encouraging the recycling of out-of-date directories, PagesJaunes has reduced the use of ink in the page backgrounds of PagesJaunes printed directories, allowing a significant reduction in ink consumption. In April 2012, the Board of Directors of REVIPAP (French group of paper producers that use recyclable paper) finally modified the classification of the directories, moving them from the "tolerated product" category to the "accepted product" category for sorting centres.

It should also be noted that part of the purchased paper is recovered by the printer during the production and printing of the directories for subsequent recycling. In addition, the surplus directories left at the end of their publication period are then recovered/recycled by companies specialising in waste management.

1.3 Digital technologies

SoLocal Group is concerned about the environmental impact of its digital services which account for most of the Group's turnover.

Thus, actions to raise awareness of the importance of digital eco-design and digital accessibility continue internally as externally.

There are also many processes underway to digitise paper documents and processes. These include, for example, all commercial transactions from customer ordering to collection, employee pay slips, the supplier purchasing portal, meal vouchers, etc. SoLocal Group conducted an impact study on one of these projects to ensure that best environmental practices were being observed in order to limit environmental impacts.

To participate in industry reflections on this topic, SoLocal Group is a member of the Green IT Club with other large French companies.

1.3.1 Data centres

The PagesJaunes subsidiaries, Mappy, SoLocal MS and QDQ, use internal and external data centres. Each year the power consumption of these data centres is optimised as the number of servers required for new projects and applications increases. Measures to reduce power consumption include:

- reorganising data centre premises to enable more efficient cooling of servers, by changing room layouts, confinement and anti-UV filters;
- replacing existing servers with more energy-efficient models that give off less heat;
- massive deployment of virtualisation and Cloud Computing technologies, which not only reduce the power consumption of individual servers hosting applications, but also enable more efficient overall use of IT infrastructure and operational flexibility. Thus, the vast majority of systems currently deployed are virtual machines. 76% of the Group's servers were virtualised in 2016.

Power consumption in data centres

	SoLocal Group				PagesJaunes			
	2014	2015	2016	ΔN-1	2014	2015	2016	ΔN-1
Power consumption in data centres in MWh	5,656	5,545	5,125	-8%	5,275	5,196	4,835	-7%

Reductions in consumption observed between 2015 and 2016 are related to the relocation of premises (some technical rooms were outsourced), to the use of more energy efficient materials, to streamlining of facilities as well as on-going server virtualisation efforts.

1.3.2 IT equipment

Reducing the environmental impact of office activities also requires the adoption of a Green IT strategy and various measures such as processes for automatically switching computers to stand-by or hibernate mode, replacing desktop office computers with more energy efficient laptops, the purchasing of IT equipment with international environmental certifications such as EPEAT or Blue Angel (almost 100% of fax machines at head office).

Following the relocation of head office to new premises, a print flow management system was adopted to only release printouts after an individual badge is run through the system. The first results are very encouraging, a very significant drop in print volumes was observed in the last quarter of the year.

In all, the number of printers in the Group fell by more than 19% between 2015 and 2016.

Average number of PCs and printers per employee

	SoLocal Group		
	2014	2015	2016
Average number of PCs per employee	1.43	1.24	1.69
Average number of printers per employee	0.37	0.41	0.37

The average number of printers per employee fell significantly by the optimisation actions taken as part of the relocation of the head office. The average number of computers grew in step with the changes in the Group's businesses. These ratios do not include external providers who nonetheless use internal resources.

1.3.3 Waste electrical and electronic equipment (WEEE)

In order to manage the end of life of its electric and electronic equipment, SoLocal Group signed a special partnership agreement with Ateliers du Bocage. This disability-friendly social integration company, which belongs to the Emmaüs network, handles recycling while favouring the re-use of equipment. This choice of service-provider is fully consistent with the social responsibility strategy and the desire to become a sustainable digital Group.

Volumes of waste electrical and electronic equipment disposed of

	SoLocal Group			PagesJaunes		
	2014	2015	2016	2014	2015	2016
WEEE disposed of (in tonnes)	14.2	27.7	25.2	11.2	24.4	22.9

71% of the WEEE disposed of in 2016 was reused or re-purposed through the Ateliers du Bocage or through partners of the Emmaüs network. The remainder was recycled which places the group within a circular economy dynamic.

1.4 Employee business travel

Close attention is paid to employee travelling, and in particular sales' representatives, which has a significant impact on the subsidiary PagesJaunes' GHG emissions.

We have also drafted a policy on the use of company vehicles and distributed it to all employees who use a company car, including sales representatives hired under the new employment contract. This policy's main objectives are to clarify the rules for allocating and using company vehicles and to improve vehicle fleet management. The policy specifies a list of "authorised" carmakers and limits GHG emissions to 130 g/km, revised each year to comply with the law (drop in the CO_2 rate to 127 g in 2017). It specifies various rules, requires employees to sign a Car Policy Agreement before being issued a vehicle.

TCO_2eq emissions - Company car travel

	PagesJaunes		
	2015	2016	ΔN-1
Emissions connected with travel by company car, in CO_2 equivalent tons	5,120.5 [1]	4,971.9	-3%

(1) Data from 2015 rectified as a result of the addition of two categories of employees omitted from the previous publication

This figure includes travel by company car by sales teams and office workers (managers).

At the end of 2016, over 74% of PagesJaunes sales representatives had a company car. This proportion increases every year, particularly since the introduction of the new contracts for sales representatives.

More generally, a SoLocal Group travel policy defines the conditions for business travel for employees in a fair manner and according to a standard level of service and comfort. It sets forth strict guidelines on the means of transport that can be used for a given trip. For example, with few exceptions, employees must use the train for trips of less than three hours, air travel of less than six hours must be in economy class, and employees who frequently make the same journeys are encouraged to purchase season tickets.

Employees are also provided with tools for conducting meetings remotely (such as Microsoft Lync and video conference equipment in meeting rooms) in order to reduce the need to travel between sites.

Finally, steps to support sustainable mobility have been taken in the context of the relocation of the head office: partnership with Blablacar.fr to promote carpooling during home-work commutes and a bonus for the purchase of an electric bike.

1.5 Offices

Power consumption outside data centres

	SoLocal Group				PagesJaunes			
	2014	2015	2016	ΔN-1	2014	2015	2016	ΔN-1
Electricity consumption (MWh)	8,205	8,737	5,484		7,987	8,546	5,039	
Energy consumption related to IDEX urban heating (heat/cold)			990				770	
Total consumption	**8,205**	**8,737**	**6,474**	**-26%**	**7,987**	**8,546**	**5,809**	**-32%**
Electricity consumption (kWh per m^2)	145	140	75	-46%	133	140	79	-43%

Electricity consumption in offices was down 26% on a Group level, despite new subsidiaries being taken into account when compared to 2015, and down 32% at the PagesJaunes level with the move to completely renovated and certified offices.

SoLocal Group strongly encourages the use of renewable energies. In Citylights, the head office since mid-2016, heating and air conditioning energy comes from the IDEX urban heating network which comprises 65% renewable energy.

Buildings with environmental certification

	SoLocal Group		
	2014	2015	2016
Percentage of space in m^2 leased with environmental certification as of 31/12	13.9%	15.3%	60%

The head office of the Group and subsidiaries located in Île-de-France moved in May 2016 to a high-rise building that was entirely rebuilt based on HQE, BREEAM and BBC certification processes. It is this move which explains the sharp increase in the percentage of buildings certified in the Group.

Water consumption

	SoLocal Group		
	2014	2015	2016
Annual water consumption in m^3 per employee	6.0	6.2	7.0

The 2016 figure has been estimated based on water consumption at the Group's new head office in Boulogne-Billancourt.

Energies

The amounts of natural gas and fuel oil consumed are immaterial in comparison with our electrical power consumption and are therefore not indicated in this report.

Waste management

Waste management differs depending on the sites and subsidiaries. However, selective collection is being implemented gradually and each year this is extended to new sites.

Since May 2016, all entities present at the new Citylights head office in Boulogne-Billancourt practice paper and beverage packaging sorting. Following the head office relocation, the old furniture was donated to 10 charitable or public organisations and the remainder was entrusted to the eco-agency Valdelia. QDQ, a Spanish subsidiary, has sorted waste for its agencies for many years.

Apart from the waste generated by office activities, SoLocal raises awareness among its catering providers as to the importance of preventing food waste. For example, at the Group's head office, the provider regularly communicates on the steps it takes to prevent food waste and practices selective collection of organic waste.

1.6 Greenhouse gas emissions connected with electricity consumption

CO_2e emissions – Energy: offices and data centres

	SoLocal Group				PagesJaunes			
	2014	2015	2016	ΔN-1	2014	2015	2016	ΔN-1
Emissions from power consumption in tonnes of CO_2	998.0	1,071.1	867.8	-19%	954.9	1,030.6	796.6	-23%

GHG emissions related to office activities and data centres are falling on the SoLocal Group and PagesJaunes levels, as a result of energy savings achieved with the head office relocation.

1.7 Biodiversity

As a service company, SoLocal Group has little impact on biodiversity.

Being aware that the production of its printed directories may potentially have an impact on forests, PagesJaunes is careful to select suppliers that are committed to sustainable forest management. In fact, all stationery and printer suppliers hold ISO 14001 certification. In addition, 100% of the paper used in the directories is now recycled paper.

1.8 Other types of pollution and nuisance

Given the service nature of our business and the outsourcing of printed directory production, we release no significant amounts of pollutants into the atmosphere, water or ground that have a serious impact on the environment.

Even though the Group has one plant that is classified as "environmentally-sensitive" and where chlorofluorocarbons, halons and halogenated hydrocarbons and carbons and similar products are stored, we comply with regulatory requirements to reduce major environmental risks.

Furthermore, given the size of this plant, it does not generate any significant noise pollution for nearby populations. No specific request from stakeholders regarding this has been recorded.

Lastly, the service sites leased by the Group in 2016 cover a total land area of almost 7.5 hectares. Our impact on land and soil use is deemed to be minimal in comparison with other industries.

2. Helping users be eco-responsible

SoLocal Group also strives to reduce the environmental impact of its activities via the development of innovative services, that offer its customers the possibility of acting responsibly.

2.1 Increasing the visibility of eco-responsible businesses

PagesJaunes wants to encourage consumers to select professionals who have made a commitment to protect the environment. In 2011, it launched an eco-responsible information service to provide users with free and impartial information on the eco-responsibility of local businesses.

Two possibilities are offered to be identified as an eco-responsible business: by voluntarily declaring the business' commitment, which is then moderated by a PagesJaunes team, or by holding one of the labels or certifications selected by a committee of independent experts (éco artisans, les Pros de la Performance Energétique, QualiPV, QualiPac, La Clef Verte, European Ecolabel, Imprim'Vert, etc.). These labels or certifications of commitment to the environment cover various business sectors. In the building sector in particular, SoLocal signed a partnership with Qualibat and Qualit'EnR, accredited bodies for issuing the RGE label (Recognised as Responsible for the Environment), a national system aiming to easily identify companies qualified in the field of energy renovation and renewable energies. Consequently, more than 90% of RGE approved companies are included in the PagesJaunes database of eco-responsible businesses and benefit from the visibility of this information free of charge.

To meet the expectations of French people concerning eco-responsibility of businesses, a new website http:// lesecopros.pagesjaunes.fr was launched at the beginning of 2016; this provides a simple way of searching for eco-responsible businesses in a database of 65,000 eco-responsible businesses. In 2016, applications to register with the service from professionals increased 30% over 2015.

2.2 Promoting sustainability mobility

SoLocal Group's subsidiary, Mappy, designs, develops and provides services that help people get from one place to another, with maps, routes and a Local Search function, on the web, smartphones and tablets.

In June 2016, Mappy launched on its mobile app, the 1st system to compare all means of transport, for all distances, everywhere in France.

This app proactively offers, in addition to the route calculation for cars, all route calculations for relevant alternative means of transport (public transport, bike, self-service bike, walking, Autolib', taxi, chauffeur-driven car, train, bus, carpool), depending on location and distance involved.

So users can immediately compare the length and cost of each route depending on the different means of transport, and make their choice, and that, wherever they are in France.

In 2016, nearly 104 million non-car routes were searched on all these modes, with a strong increase in bike routes.

Through two partnerships with STIF and Kisio Digital, the service dedicated to public transport in the Paris region can calculate a route that includes all possible interconnections. Two partnership agreements were also concluded with Mecatran and Cityway to enable route calculation on almost 90% of the French public transport network.

Developed in partnership with JC Decaux, the bike route and self-service bike service can immediately find the nearest bike station in real time, determine bike availability in real time at stations of departure and the docking stations at stations of arrival. A partnership with Geovelo is expanding the number of bike-path routes.

After a long-distance route calculation, Mappy offers alternatives with the promotion of the carpool service Blablacar, a networking platform for motorists. Each user who calculates a city-to-city itinerary is invited to register their trip on Blablacar.com in order to share the travel costswith people registered on this partner website who are interested in this route. Not only does this enable Mappy users to save money, it is also good for the environment. Thanks to this partnership, Mappy thus offers its users a new way to travel that is profitable, eco-friendly and pleasant.

Mappy users who request a driving route have access to the *DriiveMe* service. This French start-up brings together car rental agencies that need to balance out their rental fleet and move their vehicles between cities and people who do not want to spend more than one euro to get where they have to go (excluding tolls and fuel expenses).

Lastly, when a route matches a train line, Mappy will suggest booking a train ticket via a link to the site voyages-sncf.com.

On routes in Paris and nearby suburbs, Mappy offers the Autolib' service, a self-service electric vehicle service which, like Vélib', indicates the location, number and type of vehicles available, the place of arrival and the remaining walking distance to be covered.

Mappy thus encourages its users to use a means of transport that emits less CO_2 than a private car.

2.3 Providing expert solutions for responsible consumption

The Ooreka.com website is produced by Fine Media, which was formed in 2007 and acquired by SoLocal Group in 2011. Ooreka provides expert responses to questions that concern the day-to-day concerns of French people on over 400 subjects that are organised into five main themes: Home/D.I.Y.; Money/Law; Consumer/ Practical Info, Health/Beauty and Business.

Many of the subjects dealt with by Ooreka have to do with saving energy and renewable energies (e.g. solar energy, passive houses and energy efficiency and so on), consumer and employee rights (consumer protection, litigation with employers and employment contracts and so on) and people with limited mobility (handicapped accessibility, wheelchairs and avoiding institutional care and so on).

Social responsibility

As a major player in digital and local communication, SoLocal Group's objective is to promote local economic activity in a responsible manner. By creating content and providing news and information, we make it easier for consumers to connect with local businesses and professionals. This is something we have been doing for over 60 years, as a key advertising and communication medium for tradespeople, small businesses, large national companies, professionals, local government services and others. We advise them and offer a range of advertising options in line with their budgets and objectives that will ensure their visibility on desktops, smart phones and tablets regardless of their level of online expertise.

Using our media and content-enriched offerings, consumers can easily find and access information about the products and services, they need and thus contribute to the local economy. We also strive to maintain a relationship of trust with all of our stakeholders. This is why we have taken steps to ensure that we protect personal data and observe the rules of fair competition and ethical behaviour.

SoLocal Group's societal commitment is thus consistent with our values as a company that places the interests of its customers at the heart of everything it does.

1. Promoting local economic activity

1.1 Helping communities grow through digital services

1.1.1 Creating content and providing local news

Through the activities of its various subsidiaries, the Group's local media vocation consists in bringing local businesses and consumers together.

Printed directories are designed to be guidebooks to local communities that bring businesses and consumers closer together. For many, this corresponds to a complementary use of the online media. It is still the reference for 23% of the French[1] who have no Internet connection. That is why the Group promotes the social usefulness of the directories and in particular reasoned and free distribution of them.

The diversity of our media and their availability on computers, smart phones and tablets enable Internet users in France and Spain to easily access local information anywhere and anytime. Among other things, our services provide consumers not only with reliable contact details, but also with a wealth of information for selecting and using products and services wisely: practical information and advice, access to over 400 themed websites via Ooreka.com, access to detailed information about businesses and professionals, local business Good Deals, information about sales, etc.

With the same concern for encouraging local business, Mappy displays store locations on its maps. Indeed, the site features:

- dynamic and contextual merchant information on maps;
- merchant identification in street views;
- merchant search by category and display on the map;
- an offer of visibility to merchants and businesses that puts them forward during searches by users;
- store locator type applications to locate chain store locations and get such information as opening hours, consult their product catalogue or set an appointment.

The Mappy Shopping service enables consumers to look for products in retail chain stores and check whether a product is available in a store nearby.

Other sectors are fostering local businesses. Leadformance is offering technological solutions that optimise and accelerate putting consumers into contact with local professionals. Leadformance offers merchants "mini-sites" that are fully tailored to each of their shops and which, for example, provide information about sales and such features as Click and Collect and Pick Up in Store. This solution as such allows them to increase visibility for their brand on the Internet while still draining traffic directly into local sales outlets.

As for the Internet users, they can simply access all the information required to take them to the sales outlet (opening times, services, products) and can download discount coupons or even contact the store directly.

SoLocal Group is therefore doing what it has always done. On the other hand, it is in the way of correctly carrying out this mission that the Group is innovating via the development of multiple media for services, printed, online or mobile, in order to allow local businesses to get themselves known to their consumers.

1.1.2 Helping small and large business users with their digital communication

Local digital communication provides new business development opportunities to all stakeholders in local communities. SoLocal Group is convinced that there is a place for everyone on the Internet, in accordance with their needs and objectives. Our commitment is to give everyone the resources they will need to use the Internet to develop their business and grow sales, whether they be entrepreneurs or small business owners, seeking solutions for their specific needs, large companies with large networks to manage, or government agencies looking for more efficient ways to serve the public.

(1) Source: Audirep Framework study - September 2014.

To help our clients differentiate themselves in a highly competitive environment, we are continuously looking for innovative solutions that meet their needs and the needs of their customers.

Lastly, we provide advice and assistance that is tailored for each market segment and solutions for the specific requirements of each industry sector, we serve. Our local communication advisors are specialised in such sectors or markets as real-estate, automobile, hotel/catering, local retail, construction, public sector and B2B. Our advisors and long experience in local digital communication make SoLocal Group the natural choice for entrepreneurs who are looking for assistance to develop their business.

QDQ, our Spanish subsidiary, is also committed to the online development of local merchants. Its blog, *Proyecto Activa* Internet, keeps visitors regularly informed of the latest developments in digital marketing. It has also published a guidebook to online marketing for small and medium-size businesses. QDQ also published articles in economic journals and took part in a radio and television programme to support the development of Digital Marketing strategies in Spanish micro, small and medium-sized businesses.

1.1.3 Partnerships to get small and medium-sized businesses online

The Group is involved in several initiatives with institutional partners to help tradespeople, professionals and small businesses start using digital communication practices.

Thus, SoLocal organised a hackathon sponsored by French Tech and for two days gathered together students from Agrocampus Ouest and students from Epitech Rennes to develop an application project useful to the agriculture sector. The jury comprised digital experts, representatives from innovative territories (Rennes Metropole, Rennes Atalante, LabFab) and agriculture specialists (Ille-et-Vilaine Chamber of Agriculture, Young Farmers Association) see paragraph "Young people".

SoLocal has also developed national partnerships with:

- **the Directorate-General for Businesses (DGE) and its Digital Transition government programme** to assist in the digitisation of micro, small and medium-sized businesses. SoLocal Group is chairman of the Transition Numérique Plus (ATN+) Association which brings together the private partners taking part in this government programme. Set up in 2013, ATN+ brings together more than 100 digital players, IT industrialists and institutional partners, in order to contribute to the digital development of French small and medium-sized businesses. The Group has been particularly active in chairing the association by recruiting new members, developing training modules for digital programme delegates, conducting an on-line digital course for partners and participating in the Tour de France Digital Transition;
- **the National Digital Council (CNNum) as part of its work on Connected Growth.** The CNNum thus organised working groups to which SoLocal Group provided input in order to draw up a national action plan on the digital transformation of small and medium-sized businesses in collaboration with the Directorate-General for Businesses (DGE) and private and institutional partners for the digital transition for businesses;
- **the Assemblée Permanente des Chambres de Métiers et de l'Artisanat (APCMA) - [a French trades crafts promotion body]** in the context of the *Passionnément Artisans* (Passion for craft) initiative which recognises French tradespeople who use DCT in their day-to-day business;
- **branch professional federations** in order to raise awareness among their members of digital practices (for example: the Fédération des Autoentrepreneurs – FEDAE – or the Organisation Nationale des TPE (ONTPE).

In addition, several of our experts have given presentations on the digital transition of French companies at various institutional events (congresses, trade shows, conferences, roundtable conferences).

Innovative ecosystems

In 2015, the Group undertook structured action on relations with innovating regional ecosystems, particularly by supporting applicants for the French Tech label, which enables start-ups and micro, small and medium-sized digital technology businesses to grow more quickly.

In 2016, the Group established partnerships with French Tech territories such as the Aix-Marseille French Tech and the Poitou-Charentes French Tech.

The Group is a member of and participates in the work of 18 digital support associations in the regions such as Digital Savoie or French South Digital. In this context, the Group enables innovative small and medium-sized enterprises and start-ups who are members to benefit from its skills and know-how. In this context, the Group supported and participated in events organised by these associations in 2016 such as Startup On the Beach, a day of pitches by Breton start-ups organised by the Rennes Saint-Malo French Tech or the Green IT Day organised by French South Digital, with an address on eco-designing for websites.

In partnership with associations, local authorities and Chambers of Commerce and Industry, the Group has supported several acceleration programmes for start-ups, offering mentoring, coaching and digital tools (API/SDK) such as Le Booster So Digital, set up by the Grand Paris Seine Ouest, Ouest Startup, launched by Brest Tech+ and the Brest-Iroise Technopôle and Smart'Innov driven by the SPN.

With the association "Centre Ville en Mouvement", the Group held a workshop during the Assises du Centre Ville in Rennes, to help raise awareness among independent traders and local elected officials in charge of trade and the digital transition. The Group also took part in the Rencontres Régionales du Commerce events in Sète and Toulouse to encourage traders to innovate by taking inspiration from the initiatives showcased in the "Idées Locales" blog (devised by PagesJaunes).

Finally, a partnership initiative with local authorities was initiated in 2016 enabling them to benefit from the PagesJaunes HAMAK service free of charge. This is a citizen networking application based on services to individuals. To date, the cities of Boulogne-Billancourt, Chaville, Issy-Les-Moulineaux, Marnes-La-Coquette, Meudon, Triel-sur-Seine, Vanves, Ville-d'Avray and Viroflay have adopted the service.

1.1.4 Local ideas blog

SoLocal Group is committed to supporting businesses by offering them pioneering and innovative services to assist them with their local communication.

The Group runs the "Idées Locales" blog (local ideas blog), which provides an innovative way for local merchants to keep track of the latest business trends online (on both fixed and mobile devices) and find inspiration and solutions for developing their business.

It is intended for all types of businesses and in particular small and medium-sized businesses. Although they express a need for creative stimulation, they do not necessarily have the time and resources to track the latest ideas and trends.

The blog lists over 650 examples of original initiatives, from the most basic to the most audacious, set up by businesses in France and from over 36 countries all over the world. Over 550,000 visits and 1,342,160 page views have been recorded since its launch. The concept has now been adapted in the form of a White Paper publication dedicated to exceptional places created by these major brands and which foreshadow the stores of the future, the publication of a newsletter and several editorial partnerships with news and trends sites. In May 2013, the "Blog idées locales" won the Prix Or award in the BtoB category at the Grand Prix du Brand Content 2013 event and the English language version of the Blog, launched in June 2014 and called "Local Ideas", won the "Most innovative site" award at the 2015 Blog Awards in London.

Backed by the strong ties that it has woven with businesses over many years, SoLocal Group is inventing with this blog a new way of making its expertise available to them.

1.2 Local economic impact

Since we care about our role in local economies, in 2012 we measured the economic impact of our subsidiary PagesJaunes in France, where almost all of its operations are located. To assess the economic and social impacts of its activities in a given geographic area we used Utopies' Local Footprint® model. This enabled us to determine that PagesJaunes' purchases in France and the payroll and income taxes it pays generate two jobs in the public and private sectors for every employee.

We also make a point of preserving local jobs when we acquire a new subsidiary.

Another local economic impact study was conducted in 2015 by the subsidiary SoLocal MS for its Angoulême site.

The Group is also a partner to the system and the dedicated site "Local economic footprint" developed by Utopies to enable consumers to assess the economic footprint of their *Made in France* purchases via a dedicated website.

2. Personal data and responsible communication

2.1 Information security and personal data protection

2.1.1 Information security

Internally, employees have access via the Group Intranet to the Group's "Information Security Policy".

This policy constitutes a reference code on conduct connected with the security of information for the SoLocal Group which must be implemented by each Group entity. It describes management's commitment with regards to information security, its perimeter, the property taken into account, regulations and contractual obligations, objectives and responsibilities. It covers all security issues induced by information processing, from the physical, technical and organisational standpoints, and regardless of the medium. It also concerns the use of information and communications technologies.

Guidelines indicate, depending on the use, in particular, of new digital technologies and in view of the new risks associated with them, the rules to be followed and good practices applicable, firstly to ensure the identification and authentication of internal users when connecting to components of the SoLocal Group's information system (more broadly speaking: machines, systems, applications, routers, etc.).

In addition, and as stated on the Group intranet site at the disposal of all employees, information is an important part of the SoLocal Group's assets; the Group's operational activities, competitiveness and employee jobs are directly dependent on it. The damage to which the Group is exposed may be of a strategic, economic, financial, social or media nature.

Thus, each employee is responsible for the information that they disclose or send out and for the security of this information. Everyone is asked to use the appropriate **pictograms** indicating the degree of security of the documents used (in ascending order: "open", "confidential", "top secret").

2.1.2 Users' personal data protection

SoLocal Group strives to communicate reliable and secure information to its users. On a daily basis, the Group's websites support citizens who appreciate the pertinence and the accuracy of the information transmitted. In this framework, protection of data collected and compliance with the privacy of Internet users is intimately a part of the active commitments of the Group. Our Data Protection Team has five members: the DPC (Data Protection Correspondent), one senior lawyer, one security engineer who joined SoLocal Group in 2013 after having worked at CNIL (the National Commission for Information Technology and Rights) and two junior lawyers.

2.1.2.1 Internal rules and procedures

Several procedures and regulations govern the Group's commitment to data security:

- the Personal Data Archiving Rules, implemented in March 2005;
- a procedure to formally document processing personal data (last updated on 3 May 2012) which among other things specifies the disclosure obligations that must be observed before processing personal data;
- a procedure that governs the reporting of personal data processing information. This procedure serves to ensure proper maintenance of the DPC register in which all processing of personal data by the Group's French companies are recorded, and verification that any new data processing or any change to current data processing complies with the French Data Protection Act (Loi Informatique et Libertés);

- ·a procedure that governs the transfer of databases that contain personal data within the Group, to ensure the protection of these data by specifying the requirements for such transfers, so as to minimise any risk of misuse, theft or loss, during their transmission or otherwise;
- ·a procedure describing the rules in the case of a control by the CNIL (latest version as of 24 April 2014);
- a procedure for handling requests from individuals to access and delete their personal data (last updated on 22 April 2015), which sets out the procedures applied to process requests from individuals to exercise their right to access, rectify or delete personal data concerning them. This procedure ensures that these practices are uniform throughout SoLocal Group and facilitates the exercise of these rights;
- a procedure aiming to deal specifically with requests to exercise rights forwarded to the Customer Relations Centre and those received in the mailbox of the Data Protection Correspondent (latest version dated 19 October 2015).

These last two procedures are part of the Group's approach aiming to protect the privacy of individuals. For this purpose, the various companies in the Group and more particularly those responsible for processing must ensure that procedures are set up that make it possible to respond to requests from individuals when the latter exercise their rights to rectify and delete data in accordance with the provisions of Articles 38 and 40 of the Act on Information Technology and Freedoms of 6 January 1978 modified by the Act of 6 August 2004 and Articles 92 to 97, 99 and 100 of decree No. 2007-451 of 25 March 2007 modifying the decree of 20 October 2005.

Moreover, they are incorporated into the exercise of the missions of the Data Protection Correspondent which consist in ensuring compliance with the individuals' rights to rectify and delete data, especially through the setting up of procedures.

We also posted a process to ensure compliance with the rules for protecting the privacy of SoLocal Group website users. These rules cover the encryption of communications, procedures to authenticate site users and their personal accounts and the need to obtain the website user's permission to use cookies and other tracking tools. These rules come with practical information on the use of cookies on our websites.

Requests received to modify or delete personal data

	PagesJaunes		
	2014	2015	2016
Requests received by Customer Service			
Requests for deletion (red list membership)	*22,684*	*20,609*	*21,376*
Modification requests (no advertising list, PagesBlanches, aerial views)	*36,227*	*27,973*	*35,195*
Requests received directly by the DPC	4,197	219	255
Requests received by the DPC from CNIL	5	8	2

A change of scope explains the drop in the number of requests received directly by the DPC between 2014 and 2015. The processing time for requests received to delete personal data (excluding requests processed directly by the DPC) was 2 days in 2016. For data modification requests, this processing time was 3 days.

2.1.2.2 In-house training

To ensure the Group's activities comply with the law, employees who process personal data or who create services based on such data must be full trained as to the legal obligations involved.

It is in this context that the DPC team provides a variety of one-off and recurring training courses for the company's employees.

In 2016 training was mainly provided for:

- technical teams who have been trained about personal data security obligations and in particular the need to adopt a risk-based approach when determining the security measures required to protect the privacy of the persons concerned;
- teams in charge of processing requests to modify or deletion personal data received by the company, who have been trained in order to ensure that these requests are processed as quickly as possible and in the best possible conditions;
- some business branches that have been specifically trained in the new general regulation on the protection of personal data.

The DPC's intranet site was redesigned in 2016 and its content partially updated.

The DPC team occasionally publishes briefings on its intranet site, in particular on cloud computing or data transfers outside the European Union, as well as short news notes (cancellation of the Safe Harbor, adoption of the general regulation on personal data protection, validation of the Privacy Shield).

2.1.2.3 Internal and external audits

Internal audits are regularly conducted during the year by the DPC team or by the Internal Audit department.

Internal audits are regularly conducted throughout the year, either by the DPC team or the Internal Audit department.

Audits conducted by the CNIL in 2010 resulted in sanctions for SoLocal Group in 2011. These audits concerned the "Webcrawl" service created for the pagesblanches.fr website in March 2010, which served to complete user first and last names entered on the site with responses found in public profiles on six social networks: Facebook, Twitter, LinkedIn, Copains d'Avant, Trombi and Viadeo.

When this service was made available, the CNIL conducted an audit in SoLocal Group's premises in Sèvres and Rennes. In late 2011, SoLocal Group was sanctioned for the following:

- collecting personal data without first informing users;
- using directory data to eliminate foreign user profiles on Facebook;
- not updating data collected from Twitter, Facebook and other sources;
- failure to observe user rights;
- inappropriate, irrelevant and excessive collection of IP addresses.

This decision resulted in a public notification which in turn led SoLocal Group to lodge an appeal with the Conseil d'État. This appeal was dismissed on 12 March 2014.

The Hamon Act on Consumer Protection No. 2014-344 of 17 March 2014 amended the Data Protection Act and enabled the CNIL to conduct inspections and audits online and note failure to comply with the Data Protection Act remotely, from a computer connected to the Internet. In October 2014, the CNIL thus began to conduct remote audits to check whether website operators were complying with its recommendation of 5 December 2013. These audits covered the submission of cookies upon initial page display in particular, the relevance of the data collected, verification that claimed procedures were in place, compliance with information obligations and data security. Subsequent to these audits, the DPC team reminded SoLocal Group website managers of its recommendations regarding user information requirements and the importance of complying with data security obligations.

These audits continued in 2015 and 2016. The DPC team sent its new recommendations to those responsible for the Group's websites on respect of privacy through user information (cookies banner, information on personal data collection forms, introduction of policy on the protection of privacy, etc.) and on the need to observe the rules on data security: non-storage and transfer of plaintext passwords.

2.2 Other actions to promote responsible digital communication

2.2.1 Improving the quality of consumer reviews

In order to build a lasting relationship of trust with its advertisers and consumers, PagesJaunes applied late 2013 to get its online consumer review service certified by AFNOR Certification, a well-known independent French certification body, which in 2013 issued the world's first voluntary quality standard (NF Z74-5012) on the handling of consumer reviews on the Internet.

For 18 months, PagesJaunes has worked with AFNOR and some 40 other organisations to specify rules that could be applied to all websites that features consumer reviews on products, restaurants, tourist facilities and other services.

Late 2013, PagesJaunes staff therefore began working on rules and procedures that would make its services even more reliable and provide assurance as to the methods used to collect, process, moderate and post consumer reviews online, while ensuring that review authors may be contacted and optimising external measures for assessing the reliability of reviews and detecting those that are fraudulent.

AFNOR certification was obtained on 13 November 2014 and will be valid until 13 November 2017. It applies to reviews published on PagesJaunes' fixed and mobile websites and PagesJaunes' application for Android and iPhone smartphones.

2.2.2 Responsible communication charters

SoLocal Group and its subsidiaries have signed the following charters, which reaffirm or further specify their commitments:

- the Data Protection Charter, which describes our measures to protect the personal data of the people who use our websites and online services;
- the Targeted Advertising and Internet User Charter, which was drafted by trade associations of targeted advertising agencies, such as SoLocal MS and pagesjaunes.fr. The charter make substantial contributions to limit the lifespan of cookies, foster transparency and give Internet users more control over their personal data;
- the Internet Authentication Charter. This charter is in keeping with our belief that given our role in bringing Internet users and businesses together, we have a duty to promote user authentication and to assist consumers and business users in securing their transactions;
- the "Right-to-be-Forgotten" Charter, which supports the rights of Internet users to have information they post online removed. The charter specifies best practices for collaborative websites (i.e. social networks, blogs, forums, content publication and messaging websites) and for search engines where Internet users may post information about themselves;
- the Charter of SNCD (the National Direct Communication Association): SoLocal MS signed SNCD's Responsible Development Charter, which includes commitments to employees, the environment and society. Among other initiatives, SoLocal MS uses software to detect changes in a customer's address to reduce misdelivery.

We are also a member of the Open Internet Project, which includes over 400 leading European digital firms that defend Net neutrality.

3. Compliance with professional ethics and competition law

3.1 Code of Conduct

SoLocal Group does business within a framework of responsible development that is underpinned by ethical principles that must be shared by all employees.

These principles, which are set forth in our Code of Conduct, are based on our values and determine our behaviour with respect to our customers, shareholders, employees, suppliers and competitors, to the environment, and to the countries where we do business. It applies to everyone, including members of the Board of Directors and senior management.

Our Code of Conduct is aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights; those set forth in International Labour Organisation agreements on freedom of association, the right to collective bargaining, eliminating discrimination in respect to employment and occupation, eliminating forced or compulsory labour, and abolishing child labour; and those of the Organisation for Economic Cooperation and Development, especially with respect to efforts to fight corruption. The SoLocal Group Code of Conduct also addresses our commitments in other areas, such as sustainable development.

The Code also specifies the need to comply strictly with stock trading rules and includes specific preventive measures, such as having Board members, senior executives and other "permanent insiders" observe a "blackout" period before selling any shares they may hold in the Company.

The Code prohibits corruption especially when dealings with customers and suppliers.

3.2 Responsible lobbying

In keeping with its CSR policy, SoLocal Group strives to be exemplary in its dealings with elected officials and political institutions, which are governed by the following four basic values:

- ethics: our Institutional Relations department is registered and approved by the French National Assembly as an interest group. This means that this department's staff members:
  - comply with the disclosure requirements of the National Assembly Bureau, the French Senate, the European Parliament and the European Commission, and have agreed to make public the information provided in their disclosure statement,
  - systematically disclose their identity, that of their employer and the interests they represent when dealing with Assembly members, senators or members of European Parliament or of the European Commission,
  - comply with the rules governing access to and circulation within the premises of the National Assembly, French Senate, European Parliament and the European commission;
- transparency: we are committed to exemplary behaviour and to disclosing our discussions with public authorities whoever they may be;
- sustainability: we work to establish durable relationships with public authorities to build projects that will generate long-term benefits for society;
- community involvement: the primarily local dimension of our institutional relations policy distinguishes us from most other companies. Our position in local communities, which is even reflected in our name, connects us intimately with the day-to-day concerns of public authorities.

3.3 Compliance with competition law

SoLocal Group strives to conduct all business activities in strict compliance with competition law.

The subsidiary PagesJaunes SA has made a commitment to the French competition authority (hereinafter ADLC) to ensure that its staff observe the rules of fair competition, especially with regard to advertising agencies, and to implement a compliance programme that prevents sales staff from engaging in anti-competitive behaviour, including but not limited to the disparagement of advertising agencies in any way, pursuant to ADLC Decision No. 12-D-22 of 22 November 2012 in response to the complaint regarding PagesJaunes SA's business practices lodged by NHK Conseil, Agence I&MA conseils, Sudmédia conseil, OSCP, Audit Conseil Publicité Annuaires, Charcot, net, Agence Heuveline, Avycom publicité annuaire, Toocom, Ecoannuaires and Netcreative-Pages annuaires.

To comply with this decision and prevent future incidents, PagesJaunes SA has prepared and implemented a programme to ensure that its relevant departments observe competition rules in the future. This programme aims to prevent the alleged disparagement of competitors by sales personnel, through the:

- distribution of a revised version of the Competition Booklet, which is appended to the Company's bylaws;
- organisation of compulsory annual training in competition rules, intended specifically for all PagesJaunes sales personnel and including a specific module on disparagement (in 2016, 1,097 employees were trained);
- training of a Compliance Team to handle any alerts or complaints about the behaviour of PagesJaunes sales staff, examine these complaints and answer any questions that PagesJaunes employees may have about competition rules;
- application of disciplinary sanctions on employees who knowingly fail to observe competition rules.

In addition to the aforementioned compliance programme, PagesJaunes has agreed to maintain and make compulsory preliminary checks to validate customer orders that involve "risky" activities, as described in Sales department memorandum No. 2010/09 of 20 October 2010 and its most recent revisions.

It is important to note that PagesJaunes has drafted "sales instructions" to ensure that the advertisements of its clients comply with the law and with consumer protection rules in particular. It should be recalled that PagesJaunes may indeed be held liable for complicity in false advertising if the information in an advertiser's advertisement does not reflect the advertiser's actual business or the services that a prospective customer may legitimately expect.

It has also become apparent that certain services (such as plumbing, lock repair or house moving) require that the service-provider comes to the customer's premises, and often urgently. It must therefore be checked that the advertisements for such services reflect the advertiser's actual business activity.

PagesJaunes implemented these checks on advertiser business activity in 2009 after complaints about misleading advertisements in high-risk services in certain departments near Paris and in southern France.

These checks also reduce the risk of criminal liability for complicity in money laundering. One of PagesJaunes' commitments to ADLC is to maintain these checks until at least, 31 March 2016.

Lastly, PagesJaunes has also committed to strengthening its current risk control system, with random checks on orders placed with PagesJaunes sales staff that do not require preliminary checking pursuant to the aforementioned Sales department memorandum, because they are located in French departments and/or involve high-risk activities that are not listed in this memorandum. These checks are performed to ensure that these orders comply with Sales Instructions.

These commitments will be observed for three years, and will end on 31 March 2016.

In 2016, PagesJaunes maintained the following initiatives beyond 31 March:

- competition law training for new joiners;
- the random control mechanism for orders received by the sales teams, as described below.

3.4 Audit and internal control policy

3.4.1 Internal control policy

The Group sees internal control as a series of processes and systems defined by the Senior Management and implemented by the Group employees, aiming to ensure the achievement of the following objectives:

- compliance with the laws and regulations in force, both external and within the Group;
- application of the instructions and guidelines set by the Board of Directors;
- prevention and control of operational risks, financial risks and risks of error or fraud;
- optimisation of the internal processes by ensuring the efficacy of operations and efficient use of resources;
- quality and truthfulness of the accounting, financial and management information.

These principles are based on:

- a policy contributing towards the development of the culture of internal control and principles of integrity;
- the identification and analysis of risk factors that may affect the achievement of the Group's objectives;
- an organisation and procedures that tend to ensure the implementation of the guidelines defined by the Senior Management;
- the periodic examination of the control activities and constant search for lines of improvement;
- the process of circulating information on internal control.

In order to achieve each of its objectives, the SoLocal Group has defined and implemented the general principles of internal control which are largely based on the COSO (Committee of Sponsoring Organisation Of The Treadway Commission) Guidelines published in 1992 and on the reference framework on internal control and the recommendations published by the AMF. The description provided below of the internal control and risk management procedures applied within the SoLocal Group are based on this reference framework. The analysis was conducted observing the various points of attention of this reference framework and its guidelines on application in particular. It also took into account the reflections resulting from the work of the IFACI (*Institut Français de l'Audit et du Contrôle Internes*).

The internal control system involves the entire business, from the governing bodies to all employees of the SoLocal Group.

The organisation of internal control is based on a centralised management division supported by a network of employees within the various departments and entities.

This organisation aims to provide reasonable assurance of achievement of the aims of the business (compliance and reliability of the results obtained) by means of the internal control system.

3.4.2 Internal audit policy

The Internal Audit Division makes it possible to ensure that appropriate internal control is fully operational by assessing its efficacy and its efficiency while encouraging its constant improvement. Based on the results of the risk assessment, Internal Audit assesses the relevance and the efficacy of the internal control system by measuring in particular the quality of the control environment within the Group, the functioning of the internal governance bodies, the reliability and integrity of the financial and operational information, the efficacy and performance of transactions, protection of assets and compliance with laws, regulations and contracts.

The Group's Internal Audit Division is responsible for performing the tasks defined in the audit plan at the beginning of the year. It answers to the Group's Senior Management but is functionally supervised by the Board of Directors' Audit Committee.

Three types of audit are performed by Internal Audit:

- audits on the compliance and efficacy of the processes and activities;
- audits on the maturity of Internal Control in the Group's subsidiaries apart from PagesJaunes and SoLocal Holding (both in France and abroad);
- compliance or performance audits on those persons decided by the Audit Committee.

4. Relationships with suppliers

4.1 Procurement Charter

Through its Purchasing Department, SoLocal Group seeks to engage with its suppliers and share its responsible procurement values with them.

For this purpose, we have drafted a Sustainable Procurement Charter, which is signed by new suppliers or upon renewal of a supply contract. The supplier's business relationship with SoLocal Group will depend largely on its compliance with this charter, which requires the supplier to observe basic principles regarding working conditions, health, safety, the environment and ethics. The charter covers many subjects, including clandestine or forced labour, discrimination, compliance with environmental regulations and resource management. Suppliers must ensure that their own suppliers and subcontractors, for all of their business activities and sites worldwide, observe the requirements of this charter.

This charter was signed by 80 PagesJaunes, Mappy and SoLocal Holding suppliers under new or amended contracts at the end of 2016.

4.2 Purchasing Guidelines

The Responsible Purchasing Guidelines were updated in 2011 and are intended for all Group subsidiaries. They are the foundation of SoLocal Group's responsible procurement policy, which seeks to encourage the procurement of products and services that are more respectful of the environment, people and society, and may even provide individual or societal benefits.

There are three objectives:

- prioritising products, services and companies that address the CSR challenges that are specific to their business activities;
- gradually increase the sustainability criteria for people, the environment and society, in a continual improvement approach;
- monitor the CSR performance of suppliers to help them improve.

The SoLocal Group Purchasing Guidelines also set forth more general guidelines such as:

- promoting official eco-labels and eco-designed products;
- increasing supplier awareness of the role their products, services or industries play in society;
- encouraging suppliers to be more transparent about the environmental characteristics of their products.

When selecting suppliers, we also take the following CSR criteria into account – CSR knowledge and experience, quality control process, human resources policy (employee loyalty, training and turnover), eco-responsibility policy (e.g. CSR Charter), financial health and geographic location. Furthermore, we systematically send requests for proposals to companies that employ over 80% disabled workers.

5. Relationships with non-profits

pagesjaunes.fr and other Group subsidiaries donated unsold advertising space to charities, such as Microdon or the Téléthon under partnership agreements or on a one-off basis.

For example, SoLocal Group supported once again this year the Téléthon, with massive 100% digital visibility (including banner and block ads, promotional home pages and ads on social networks) on its main websites, with fresh content that links to the donation form. More than 100,000 clicks were generated through its content.

For the 13th consecutive year, Digital Marketing and data solutions provider SoLocal MS made its call centre in Angoulême available to volunteers receiving donations by telephone. The 103 volunteers handled approximately 1,800 calls, allowing the collection of roughly 100,000 euros over the weekend of 2 and 3 December 2016.

Our subsidiaries also support local non-profits. For example, QDQ Media organises food and clothing drives for charitable organisations such as Caritas and the SEUR Foundation.

When the company moved its head office, obsolete furniture was donated to ten or so charitable or public organisations such as the Paris Samu Social, the Town Hall of Sevran, the Town Hall of Sèvres and local associations or Unis-Cité.

Outlook

SoLocal Group has made CSR the foundation of its business strategy and therefore of its digital transformation. Our head office at the new Citylights site in Boulogne-Billancourt near Paris is a fitting symbol of our efforts and commitment.

To support the transformation of its economic model, SoLocal has developed a company digital initiative that is both responsible and proactive that seeks to: lengthen the service lives of electrical and electronic equipment, encourage reuse through a partnership with the Ateliers du Bocage-Emmaüs, develop a digital eco-design for the website pagesjaunes.fr, reduce printing, etc.

The SoLocal Group also aims to enable its customers to take measures in turn in favour of the environment via the "Environmental responsibility" feature on the PagesJaunes professional pages and the dedicated website http://lesecopros.pagesjaunes.fr. Mappy encourages sustainable transportation via its new mobile app focused on multi-modal transport.

Accordingly, the Group uses its media platforms to support users' behavioural changes. With these projects, SoLocal Group is making it clear that it is determined to keep making improvements in terms of corporate responsibility.

CSR contacts

Please address any questions on SoLocal Group's corporate social responsibility to the CSR team at:

SoLocal Group

CSR Department – Direction Stratégie, Partenariats et Relations Extérieures et Secrétariat Général

204 Rond-Point du Pont de Sèvres

92100 Boulogne-Billancourt

rse@solocal.com

Appendix I - Note on methodology

The SoLocal Group provides information on its CSR commitments in response to the decree implementing Article 225 of the Grenelle 2 Act.

The SoLocal Group wanted to establish a reporting process allowing all the information required to be collected. This process adopted within the Group is guided by a number of indicators in keeping with the requirements of Article 225 of the Grenelle 2 Act. It comprises several stages which are described below.

Scope of reporting

Period and frequency

The SoLocal Group's CSR report is published annually in the Group's Reference Document. The information required covers the past calendar year in line with the Group's financial year, from 1 January to 31 December 2016.

In the case of indicators for which the information required is not fully available, two cases arise:

- the data is extrapolated so as to arrive at the annual result (note that the sliding 12-month method is not adopted except in specific cases);
- the period taken into consideration differs from the calendar year.

The particular cases are described in this Note on Methodology, part 1.6 "Estimates and extrapolations".

Scope

Within the scope of its proactive strategy, the SoLocal Group aims in the future to extend its reporting to all its subsidiaries in the regions in which it operates.

For all quantitative social indicators, data is provided for the entire Group (save for the employment rate of disabled persons, which is limited to the Group in France). It should be noted that the Group's scope changed in 2016 with the disposal of Sotravo.

Since the company moved its head office in May 2016, the reporting scope has increased significantly and now covers almost all French subsidiaries on most environmental indicators.

The following subsidiaries have been united at Citylights: PJ SA (37% of employees), SoLocal Holding, Mappy, Retail Explorer, Fine Media, Clic Rdv, PagesJaunes Resto, and some employees of SoLocal MS (26% of employees) and Leadformance (16% of employees). The overall number of employees who work at Citylights represents more than 35% of the Group's total employees.

Consequently, for the financial year 2016, the relevant scope is as follows:

Indicator	Scope
Electricity consumption excluding data centres	PJ SA + SoLocal MS + "Citylights scope" of the other relevant subsidiaries
Electricity consumption by data centres	PJ SA (excluding Advertising team) + SoLocal Holding + Mappy
CO_2 emissions associated with electricity consumption in CO_2 equivalent tonnes	PJ SA + SoLocal MS + "Citylights scope" of the other relevant subsidiaries
Rate of server virtualisation	PJ SA + SoLocal Holding + Mappy + QDQ
Average number of computers per employee	PJ SA + Holding + Mappy + SoLocal MS + QDQ
Average number of printers per employee	PJ SA + SoLocal MS + "Citylights scope" of the other relevant subsidiaries
Percentage of buildings with environmental certification for all sites leased	PJ SA + SoLocal MS + "Citylights scope" of the other relevant subsidiaries
WEEE disposed of in tonnes	PJ SA + SoLocal Holding + Mappy + PJMS + QDQ
Water consumption	SoLocal Citylights

Organisation of the report

The CSR indicators are provided by a network of participants. Their role consists, among other things, in organising and coordinating the feedback of information to the CSR Department, and in guaranteeing the quality and exhaustive nature of the data supplied by means of consistency and probability checks.

Reporting guidelines explaining the CSR scope and indicators published in this Reference Document are available on request from the CSR Division (rse@solocal.com).

There are four successive stages in the reporting process:

- collection and input of data via the reporting tool "Reporting 21", by a contributor;
- validation of the data collected, by an officer (the "validator");
- global verification and consolidation, assured by the CSR Division and by a specialist independent firm;
- and finally use of the data collected: transmission of final results to the commitment officers, for directing projects and drawing up the SoLocal Group's reports.

Reporting tool

The quantitative and qualitative CSR data is collected for this report by means of a new reporting tool known as "Reporting 21", introduced in 2015. This tool has enabled the reliable collection, consolidation and control of CSR information to take place.

Indicators not reported

Based on its obligations to report on the 43 CSR subjects according to Article 225 of the Grenelle 2 Act, the SoLocal Group has selected the indicators considered to be the most significant in view of its business and its stakes. These indicators cover the three sections of Article 225 of the Grenelle 2 Act: Environment, Social and Societal.

Independent verification

An independent third party reviews and certifies the presence and truthfulness of the CSR information published in the Reference Document in accordance with the requirements of the Grenelle 2 Act. This work is conducted in accordance with standard ISAE 3000 (International Standard on Assurance Engagements). The independent third party's report on the consolidated employer, environmental and societal information published is presented in this Reference Document.

Main methodological details

Management of indicators in connection with moving the head office to the "Citylights" building at Boulogne-Billancourt:

SoLocal Group's head office moved from Sèvres to the "Citylights" building at Boulogne-Billancourt in May 2016.

Dismantling of the technical rooms began at the end of 2015 and continued until the head office moved. The servers in these rooms were moved to the internal and external data centres in Rennes or to external service-providers.

Main estimates and extrapolations

Certain indicators for which all or some of the data was not available were extrapolated or estimated. The main assumptions are set out below:

Indicators	Assumptions
Electricity consumption by offices excluding data centres	*Technical rooms*: unlike in previous years, the 2016 electricity consumption of technical rooms before the move to Citylights were taken into account in the office consumption figures.
	PJ SA: estimated consumption based on the average kWh/m^2 ratio where no data is available for a particular site (e.g. no invoices, invoice received after the end of the year, etc.). The average ratio is calculated by using a 2016 average energy consumption of the PJ SA sites for which all necessary information was available.
Water consumption	*Citylights*: for the period January – April, all water consumption figures in respect of the employees brought together at Citylights since the move (May 2016) has been estimated by using a m3/employee ratio calculated from actual data measured at Citylights from May – December 2016.
Paper distributed	The number of directories distributed at the end of the year (17.11% of all directories) was estimated based on the total number of deliveries made to distributors.

Energy consumption during works periods

Citylights

Between January and April 2016, fit-out work was carried out at the "Citylights" building before the arrival of SoLocal's employees. The amount of energy consumed by these works has not been taken into account in the consolidated data contained in this reference document. The amounts consumed were as follows:

- electricity: 290 MWh;
- district heating – hot: 190 MWh;
- district heating – cold: 46 MWh.

PJ SA Offices – Issy-les-Moulineaux

SoLocal employees left the PJ SA premises at Issy-les-Moulineaux on 25 May 2016. SoLocal, however, remained the tenant of the site until the end of 2016. Work was carried out to the building during this period. The amount of energy consumed by these works has not been taken into account in the consolidated data contained in this reference document. The amounts consumed were as follows:

- electricity: 313 MWh.

Details of certain social indicators:

- training: the training indicators include any training format and period. Employees provided with less than 30 minutes' training represent an insignificant number of employees trained; e-learning training programmes were not able to be included in the 2016 figures;
- occupational accidents and accidents on business trips: occupational accidents exclude home-work travel but take into account accidents occurring while on business trips;
- employment rate of disabled persons: published only for France.

Method of calculating greenhouse gas emissions

In order to calculate the greenhouse gas emissions resulting from electricity consumption, district heating and business travel, the following emission factors (FE) were used:

- for electricity:
  - FE (France): 0.075kg CO_2e per kWh (Upstream and Production excluding line losses),
  - FE (Spain): 0.238kg KCO_2e per kWh (Production, excluding Upstream and line losses);
- for district heating (for the Seguin Rives de Seine mixed development zone (ZAC)):
  - cold: 0.02kg CO_2e per Kwh (excluding line losses);
  - hot: 0.189kg CO_2e per Kwh (excluding line losses);
- for business travel:
  - diesel oil from the pump, mainland France: 3.166kg CO_2e per litre.

These emission factors were updated in 2016 by referring to the Carbon Database, Version 7.5.

It should be noted that the 2015 figures for total greenhouse gas emissions associated with company car journeys in 2015 have been amended to correct the scope covered by the published information.

Appendix 2: Tables of compliance with Grenelle II and ISO 26000

	Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
Introduction				
1. Message from the Chief Executive Officer and the General Secretary in charge of Corporate Social Responsibility			Policy (employer, environmental and societal) • Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
2. SoLocal Group, a committed business				
2.1 Organisation of SoLocal Group 2.2 Origin and construction of the CSR strategy 2.3 CSR governance 2.4 Commitments, targets and key performance indicators			Policy (employer, environmental and societal) • Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
2.5 Dialogue with the stakeholders		Societal information	b) Relations with persons or organisations interested in the company's activities • Conditions of dialogue with the persons or organisations interested in the company's activities	
		Environmental information	a) General environmental policy • Employee training and information measures for environmental protection	
3. CSR 2016 reporting				
3.1 Reporting			Policy (employer, environmental and societal) • actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
3.2 General Information		Environmental information	a) General environmental policy • The amount of provisions and guarantees for environmental risks, provided that this information is not likely to cause material prejudice to the company in an on-going dispute	

		Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
Social responsibility					
1.	Sharing of Group values			Policy (employer, environmental and societal) ⬢ Actions taken and guidelines adopted by the company to take into account the social and environmental consequences of its activities and to fulfil its societal commitments in favour of sustainable development	Organisation governance
2.	Employment and employability policy				
2.1	Staff and remuneration		Employment information	a) Employment ⬢ Total workforce ⬢ Hires and dismissals ⬢ Remuneration and the development thereof b) Organisation of working hours ⬢ Organisation of working hours d) Health and safety ⬢ Agreements signed with trade unions or employee representatives on health and safety in the workplace	Work relations and conditions: ⬢ Employment and employee/ employer relationships ⬢ Working conditions and social protection
2.2	Involve staff in the transformation of the Group		Employment information	c) Industrial relations ⬢ Organisation of industrial relations, particularly the personnel notification and consultation procedures and negotiating with employees e) Training ⬢ Training policies implemented ⬢ Total hours of training hours	Work relations and conditions: ⬢ Industrial relations ⬢ Development of human capital
3.	**Diversity**				
3.1	Develop equality between men and women		Employment information	f) Equal treatment ⬢ Measures taken to promote equality between men and women	Human rights: ⬢ Discrimination and vulnerable groups
3.2	Integrate all publics		Employment information	f) Equal treatment ⬢ Measures taken to promote the employment and inclusion of disabled persons ⬢ Anti-discrimination policy	Employment relations and conditions: ⬢ Employment and employee/ employer relationships
4.	Safety, health and Well-being at work				
4.1	Action plan		Employment information	d) Health and safety ⬢ Health and safety conditions at work	Human rights: ⬢ Discrimination and vulnerable groups
4.2	Monitoring well-being and health at work		Employment information	b) Organisation of work ⬢ Absenteeism d) Health and safety ⬢ Health and safety conditions at work ⬢ Occupational accidents, particularly the frequency and seriousness thereof, as well as occupational sickness	Employment relations and conditions: ⬢ Employment and employee/employer relationships

		Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
4.3	Manager training		Employment information	d) Health and safety • Health and safety conditions at work e) Training • Training policies implemented	Employment relations and conditions: • Health and safety at work
4.4	Actions to improve the well-being		Employment information	d) Health and safety • Health and safety conditions at work	Employment relations and conditions: • Health and safety at work
5.	Organisation of industrial relations				
5.1	Union rights		Employment information	c) Industrial relations • Organisation of industrial relations d) Health and safety • Agreements signed with trade unions or employee representatives on health and safety in the workplace	Employment relations and conditions: • Industrial relations
5.2	Business reorganisations		Employment information	c) Industrial relations • · Collective bargaining agreements	Employment relations and conditions: • Industrial relations
5.3	Other agreements		Employment information	c) Industrial relations • Collective bargaining agreements d) Health and safety • Agreements signed with trade unions or employee representatives on health and safety in the workplace	Employment relations and conditions: • Industrial relations
Environmental responsibility					
1.	Impact of activities				
1.1	PagesJaunes greenhouse gas emissions appraisal 2009-2014			d) Climate change • Significant areas of greenhouse gas emissions generated as a result of the company's activities, particularly through the use of goods and services that it produces	The environment: • Mitigation of climate change and adaptation
1.2	Printed directories		Environmental information	a) General environmental policy • Company organisation to take into account environmental issues and, where appropriate, environmental assessment or certification c) Circular economy • Prevention, recycling and waste disposal measures • Consumption of raw materials and measures taken to improve the efficiency in the use thereof d) Climate change • Adaptation to the consequences of climate change	The environment: • Sustainable use of resources • Protection of the environment, biodiversity and rehabilitation of natural habitats • Mitigation of climate change and adaptation

		Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
1.3	Digital technologies		Environmental information	c) Circular economy • Prevention, recycling and waste disposal measures • Energy consumption, measures taken to improve energy efficiency and recourse to renewable energies	The environment: • Pollution prevention • Sustainable use of resources
1.4	Employee travel		Environmental information	d) Climate change • Significant areas of greenhouse gas emissions generated as a result of the company's activities, particularly through the use of goods and services that it produces	The environment: • Pollution prevention • Mitigation of climate change and adaptation
1.5	Offices		Environmental information	c) Circular economy • Prevention, recycling and waste disposal measures • Action against food waste • Energy consumption, measures taken to improve energy efficiency and recourse to renewable energies • Water consumption and water supply based on local constraints d) Climate change • Adaptation to the consequences of climate change	The environment: • Pollution prevention • Sustainable use of resources • Mitigation of climate change and adaptation
1.6	CO2 emissions - electricity consumption		Environmental information	d) Climate change • Significant areas of greenhouse gas emissions generated as a result of the company's activities, particularly through the use of goods and services that it produces	The environment: • Mitigation of climate change and adaptation
1.7	Biodiversity		Environmental information	e) Protection of biodiversity • Measures taken to preserve or develop biodiversity	The environment: • Protection of the environment, biodiversity and rehabilitation of natural habitats
1.8	Other forms of disturbance and pollution		Environmental information	b) Pollution • Measures for the prevention, reduction or restoration following discharge into the air, water and soil seriously affecting the environment • Mitigation noise pollution and all other forms of pollution specific to an activity c) Circular economy • Soil usage	The environment: • Pollution prevention • Sustainable use of resources
2.	Providing support for users' environmental measures				
2.1	Searching for eco-responsible professionals		Environmental information	d) Climate change • Adaptation to the consequences of climate change	The environment: • Mitigation of climate change and adaptation • Questions on consumers • Sustainable consumption
2.2	Promote durable mobility				
2.3	Provide experts' responses for responsible consumption				

		Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
Societal Responsability					
1.	Promoting local economic development				
1.1	Digital technology to develop local economic life		Societal information	a) Regional, economic and social impact of the activities • On employment and regional development • On the resident and local populations	Communities and local development: • Involvement withcommunities • Creation of wealth and revenues
1.2	Local economic impact		Societal information	a) Regional, economic and social impact of the activities • On employment and regional development b) Relationships with persons or organisations interested in the the company's activities • Partnership or sponsorship measures	Communities and local development: • Creation of wealth and revenues
2.	Personal data and responsible communication				
2.1	Security of information and protection of personal data		Societal information	d) Fair practices • Measures taken to promote the health and safety of consumers	Questions on consumers: • Protection of consumer data and private lives consumers
2.2	Other actions to promote responsible digital communications				Questions on consumers: • Fair practices in marketing, information and contracts • Protection of the health and safety of consumers
3.	Respect for ethics and the law on competition				
3.1	Professional Ethics Charter		Employment information Societal information	g) Promoting and complying with the provisions of the ILO agreements • Compliance with the freedom of association and the right to collective bargaining • Eliminating discrimination in employments and professions • Eliminating forced or mandatory labour • The effective abolition of child labour d) Fair practices • Actions taken to prevent corruption e) Other actions undertaken in favour of human rights	Fair practices: • Combating corruption • Fair competition Questions on consumers: • Fair practices in marketing, information and contracts
3.2	Responsible industrial relations measures		Societal information	a) Regional, economic and social impact of the activities • On employment and regional development d) Fair practices • Actions taken to prevent corruption	Fair practices: • Combating corruption

	Pages	Art.225 Grenelle II - Informations	Art.225 Grenelle II	Central questions and fields of action of ISO 26000
3.3 Compliance with competition rules		Societal information	d) Fair practices • Actions taken to prevent corruption	Fair practices: • Combating corruption • Fair competition Questions on consumers: • Fair practices in marketing, information and contracts
3.4 Audit and internal control policy				
4. Relationships with suppliers		Societal information	c) Subcontractors and suppliers • Taking the social and environmental challenges into account in the purchasing policy • The importance of sub-contracting and taking relations with suppliers and subcontractors and their social and environmental responsibility into account	Fair practices: • Promotion of societal responsibility in the value chain
5. Relationships with associations		Societal information	b) Relationships maintained with persons or organisations that have an interest in the company's activities • Conditions of relations with these persons or organisations	Organisation governance

Appendix 3: Report of the Independent Third party

Report of the Accountant appointed to act as Independent Third Party, on the consolidated employer, environmental and societal information contained in the management report

Financial year ended 31 December 2016

To the Shareholders,

In our capacity as accountant appointed to act as Independent Third Party, accredited by COFRAC under no. 31055 (our accreditations are available at www.cofac.fr), we present our report on the consolidated employer, environmental and societal information for the financial year ended on 31 December 2016, presented in the management report (hereinafter the "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code.

The Company's responsibility

The Board of Directors is responsible for preparing a management report including the CSR Information provided for by Article R.225-105-1 of the French Commercial Code, prepared in accordance with the guidelines (the "Guidelines").

Independence and quality control

Our independence is defined by the regulatory wordings and the Code of Ethics for the profession inserted into the Decree of 30 March 2012 on the accountancy profession and takes account of the provisions of Article L.822-11 of the French Commercial Code. We have also introduced a quality control system that comprises documented policies and procedures seeking to ensure observance of the rules on ethics, professional standards and the applicable laws and regulations.

Responsibility of the Accountant

Our duties are, on the basis of our auditing work, to:

- attest whether the required CSR information is presented in the Management Report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of the presentation of the CSR information);
- provide limited assurance on whether the CSR information, taken as a whole, is fairly presented, in all material aspects, in accordance with the Guidelines (Reasoned opinion on the fair presentation of the CSR information).

Our work was carried out by three people between 7 December 2016 and 2 February 2017 and lasted fifteen days with an on-site audit on 27 January 2017.

Our engagement was performed in accordance with professional standards applicable in France and, with the Decree of 13 May 2013, which sets forth the procedures to be adopted by independent third parties in carrying out their engagements.

1. Attestation of presence of CSR information

Nature and scope of work

We examined, on the basis of interviews with the managers of the departments concerned, the guidance on sustainable development, in relation to the consequences of the Company's activity on its staff and on the environment and its commitments to society and, where relevant, the resulting actions or programmes.

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.

In the event of the omission of some consolidated information, we verified that an appropriate explanation was given in accordance with the third paragraph of Article R.225-105 of the French Commercial Code.

We have checked whether the CSR information covered the Company's consolidated scope, i.e. the Company and its subsidiaries as defined in Article L.233-1 and the companies it controls as defined in Article L.233-3 of the French Commercial Code, within the limits indicated in the note on methodology set out in Appendix 1 – Note on Methodology – of the Management Report.

Conclusion

On the basis of this work and taking into account the limits referred to above, we attest that the required CSR information is presented in the Management Report.

2. Reasoned opinion on the sincerity of the CSR information

Nature and extent of the work

We carried out eleven interviews with the persons in charge of preparing the CSR information within the departments responsible for the information gathering processes and, where relevant, those responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the Guidelines regarding their relevance, completeness, reliability, neutrality and clarity, taking into consideration, where applicable, best practices in the sector;
- verify that a process had been set up for the collection, compilation, processing and control of the CSR information to ensure its completeness and consistency, and examine the internal control and risk-management procedures relating to the preparation of the CSR information.

We determined the nature and extent of our tests and checks based on the nature and importance of the CSR information with regard to the Company's characteristics, the social and environmental issues stemming from its activities, its sustainable-development policies and best practices in the sector.

In particular, we considered:

- employment information: the overall workforce at 31 December, the number of employee hired on permanent contracts during the year, the total number of departures of permanent staff, the rate of illness-related absenteeism, the number of training hours delivered, the number of employees trained, the internal opinion poll;
- environmental information: the tonnage of paper distributed for printed directories, the consumption of electricity by data centres, greenhouse gas emissions linked to electricity: offices and data centres;

- company information: partnerships for the digitalisation of SMEs/microbusinesses, the study on customers' confidence in the PagesJaunes brand, the information security policy at Group level.

Concerning the CSR information we consider to be most significant:

- at the consolidating entity level, we consulted the source documents and carried out interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and consolidation of the data as well as verifying their coherence and their consistency with the other information disclosed in the Management Report;

- at the level of the subsidiary PagesJaunes SA, which was selected on the basis of its business activities, its contribution to the consolidated indicators, its geographic presence and a risk analysis, we conducted interviews to verify that the procedures were correctly applied and performed tests of details based on sampling, which consisted in verifying the calculations made and reconciling the data with the supporting documents. The sample thus selected represented an average of 79% of the workforce and between 92% and 100% of the quantitative environmental information.

As regards the other consolidated CSR information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of any explanations given to explain the total or partial absence of some information.

We believe that the sampling methods and sample sizes we have adopted by exercising our professional judgment have enabled us to form a limited assurance conclusion. Due to the use of sampling techniques and other limitations inherent in the functioning of any internal control and information system, the risk of failing to detect a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

Based on this work, nothing has come to our attention that causes us to believe that the CSR information, taken as a whole, is not fairly presented, in accordance with the Guidelines.

Comments

Without qualifying the conclusion set out above, we draw the reader's attention to the head office move in May 2016 which, as described in a number of paragraphs in the report, had an impact on various indicators and an impact on the reporting scope detailed in Appendix 1.

Toulouse, 2 February 2017

The third party independent body

Cabinet de Saint-Front SAS

Jacques de Saint-Front

Chairman

9 Annual activity report as of 31 December 2016

9.1. Overview
9.2. Commentary on the 2016 full-year results

9.1 Overview

As Europe's top local digital communication provider, SoLocal Group fulfils a general-interest mission with strong potential which consists in «revealing local know-how, everywhere and stimulating the local activity of companies».

Within the scope of continued activities, Solocal Group generated revenues of 812.3 million euros in 2016, of which revenues from its Internet activities represented 80% and revenues from its Print & Voice activities represented 20%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet

In 2016, SoLocal Group recorded 648.7 million euros Internet revenues, representing 80% of Group revenues.

The Internet activities of SoLocal Group are now structured around two business lines:

- First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In 2016, this Local Search activity posted revenues of 490.6 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).
- Second, we create and provide Internet users with the best local and customised content about professionals. In 2016, this Digital Marketing activity represented revenues of 158.1 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+10% in 2016 compared to 2015). They comprise sites & contents, local programmatic and transactional services. In 2015, we innovated on these product ranges, with an upmarket move of our Internet sites and product & store locator offerings, and the successful launch of the ADhesive targeting offer, which benefits from our data on local purchasing intents expressed by Internet users, the launching of Booster Contact product (adwords), and more recently the launching of the "Tract Digital" product with Facebook. In addition, our transactional services have been rebranded PagesJaunes Resto and PagesJaunes Doc, leveraging on and strengthening the traffic generated on PagesJaunes.

Print & Voice

The Print & Voice activities generated 163.5 million euros in 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

9.2 Commentary on the 2016 full-year results

During 2015 the Group announced it was disposing of a certain number of non-profitable and no-growth activities («divested activities»).

The accounts published by the Group as at 31 December 2016 are made up as follows:

Consolidated, Continued activities, Divested activities

	As at 31 December 2016				As at 31 December 2015			
		Divested	Continued activities			Divested	Continued activities	
(in million euros)	Consolidated	activities	Recurring	Non recurring	Consolidated	activities	Recurring	Non recurring
Revenues	812.3	-	**812.3**	**-**	878.0	5.3	**872.6**	**-**
Recurring EBITDA	229.0	-	**229.0**	**-**	260.9	(9.5)	**270.3**	**-**
EBITDA	223.9	-	**229.0**	**(5.1)**	211.1	(10.1)	**270.3**	**(49.1)**
Operating income	163.2	-	**168.4**	**(5.1)**	142.8	(26.3)	**218.2**	**(49.1)**
Income before tax	89.4	-	**94.5**	**(5.1)**	59.3	(26.3)	**134.7**	**(49.1)**
Income for the period	49.0	-	**52.3**	**(3.4)**	26.6	(15.9)	**72.6**	**(30.0)**

In the presentation of its results since the 3rd quarter of 2015, and in this activity report, SoLocal Group isolates the momentum of the continued activities from that of the activities that it is disposing of. The comments on the financial performance indicators concern the scope of continued activities.

As at 31 December 2016, net income for divested activities is 0 compared to -15,9 million euros as at 31 December 2015.

Consolidated income statement for continued activities, as at 31 December 2016 and 2015

SoLocal Group	Continued activities						
	As at 31 December 2016			As at 31 December 2015			Change recurring
(in million euros)	Total	Recurring	Non recurring	Total	Recurring	Non recurring	2016/2015
Revenues	**812.3**	**812.3**	**-**	**872.6**	**872.6**	**-**	**-6.9%**
Net external expenses	(214.8)	(214.8)	-	(208.2)	(208.2)	-	3.2%
Staff expenses	(368.5)	(368.5)	-	(394.1)	(394.1)	-	-6.5%
Recurring EBITDA	**229.0**	**229.0**	**-**	**270.3**	**270.3**	**-**	**-15.3%**
As % of revenues	*28.2%*	*28.2%*	-	*31.0%*	*31.0%*	-	
Non recurring items	(5.1)	-	(5.1)	(49.1)	-	(49.1)	-
EBITDA	**223.9**	**229.0**	**(5.1)**	**221.2**	**270.3**	**(49.1)**	**-15.3%**
As % of revenues	*27.6%*	*28.2%*	-	*25.3%*	*31.0%*	-	
Depreciation and amortisation	(60.6)	(60.6)	-	(52.2)	(52.2)	-	16.1%
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
As % of revenues	*20.1%*	*20.7%*	-	*19.4%*	*25.0%*	-	
Financial income	1.4	1.4	-	1.9	1.9	-	-26.3%
Financial expenses	(75.2)	(75.2)	-	(85.5)	(85.5)	-	-12.0%
Net financial expense	**(73.8)**	**(73.8)**	**-**	**(83.6)**	**(83.6)**	**-**	**-11.7%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**89.4**	**94.5**	**(5.1)**	**85.6**	**134.7**	**(49.1)**	**-29.8%**
Corporate income tax	(40.4)	(42.2)	1.8	(43.0)	(62.1)	19.1	-32.0%
Income for the period	**49.0**	**52.3**	**(3.4)**	**42.5**	**72.6**	**(30.0)**	**-28.0%**

Details on the revenues and recurring EBITDA of continued activities, as at 31 December 2016 and 2015

SoLocal Group	Continued activities		
(in million euros)	As at 31 December 2016	As at 31 December 2015	Change 2016/2015
Internet	648.7	640.2	1.3%
Print & Voice	163.5	232.5	-29.7%
Revenues	**812.3**	**872.6**	**-6.9%**
Internet revenues as % of total revenues	*79.9%*	*73.4%*	
Internet	185.6	199.0	-6.7%
Print & Voice	43.4	71.3	-39.1%
Recurring EBITDA [1]	**229.0**	**270.3**	**-15.3%**
As % of revenues			
Internet	*28.6%*	*31.1%*	
Print & Voice	*26.5%*	*30.7%*	

(1) The split between Internet and Print & Voice EBITDA was slightly revised for 2015 data compared to consolidated financial information as at 31 December 2015 so that indicators should be established according consistent principles.

9.2.1 Analysis of the revenues and recurring EBITDA of continued activities

In 2016, revenues stood at 812.3 million euros, down -6.9% compared to 2015:

- Internet revenues grew by +1.3%, mainly driven by the acceleration of the Digital marketing business (+9.9%) thanks to local programmatic and websites & contents, and the growth of Local search ARPA, partially offset by reduced investments in client acquisition.
- Print & Voice revenues were down by -29.7% over the period and now accounted for less than 20% of total revenues.

Recurring EBITDA was 229.0 million euros in 2016, down to -15.3% versus 2015, mainly due to the -39.1% decline of the Print & Voice EBITDA partially offset by a stabilization of the Internet EBITDA.

The EBITDA to revenue margin was 28.2% in 2016, a limited decrease of 2.8 points versus 2015, thanks to a decrease of expenses by -3.2% in the context of financial constraints and a rigorous cost management.

9.2.2 Analysis of operating income for continued activities

The table below shows the Group's recurring operating income for continued activities as at 31 December 2016 and 2015:

SoLocal Group	Continued activities						
	As at 31 December 2016			As at 31 December 2015			Change recurring 2016/2015
(in million euros)	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Recurring EBITDA	**229.0**	**229.0**	**-**	**270.3**	**270.3**	**-**	**-15.3%**
Non recurring items	(5.1)	-	(5.1)	(49.1)	-	(49.1)	-
EBITDA	**223.9**	**229.0**	**(5.1)**	**221.2**	**270.3**	**(49.1)**	**-15.3%**
Depreciation and amortisation	(60.6)	(60.6)	-	(52.2)	(52.2)	-	16.1%
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
As % of revenues	*20.1%*	*20.7%*	*-0.6%*	*19.4%*	*25.0%*	*-5.6%*	

Depreciation and amortisation for the Group stands at -60.6 million euros in 2016 compared to -52.2 million euros in 2015, an increase of +8.4 million euros (+16.1%) due to the investment linked to revamping the IT tools.

The Group's recurring operating income at 168.4 million euros decreased by -22.8% compared to 2015. This decrease stems from the -41.3 million euro drop in recurring EBITDA and from the increase in depreciation and amortisation of -8.4 million euros.

9.2.3. Analysis of the results for continued activities

The table below shows the Group's results for continued activities in 2015 and in 2016:

SoLocal Group	Continued activities						
	As at 31 December 2016			As at 31 December 2015			Change recurring
(in million euros)	Total	Recurring	Non recurring	Total	Recurring	Non recurring	2016/2015
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
Financial income	1.4	1.4	-	1.9	1.9	-	-26.3%
Financial expenses	(75.2)	(75.2)	-	(85.5)	(85.5)	-	-12.0%
Net financial expense	**(73.8)**	**(73.8)**	**-**	**(83.6)**	**(83.6)**	**-**	**-11.7%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**89.4**	**94.5**	**(5.1)**	**85.6**	**134.7**	**(49.1)**	**-29.8%**
Corporate income tax	(40.4)	(42.2)	1.8	(43.0)	(62.1)	19.1	-32.0%
Income for the period	**49.0**	**52.3**	**(3.4)**	**42.5**	**72.6**	**(30.0)**	**-28.0%**

9.2.3.1. Net financial expenses

Net financial expenses of Group amounted -73.8 million euros in 2016, in reduction of -11.7%, mainly due to the maturing of hedging instruments in September 2015. The average interest rate of debt decreased from 6.37% in 2015 to 5.44% in 2016, i.e. a 93 basis points.

Net financial expenses also includes the amortisation of loan issue expenses amounting to 7.8 million euros as at 31 December 2016 compared to 7.4 million euros as at 31 December 2015.

9.2.3.2. Recurring results for the period for continued activities

Corporate income tax was a charge of -42.2 million euros in 2016, in reduction of -32.0% compared to 2015, in accordance with the result before tax.

Recurring income amounted to +52.3 million euros in 2016 in reduction of -28.0% compared to 2015.

9.2.3.3. Result for continued activities

Net income from divested activities is nil in 2016, the divestment of non-growing and unprofitable Internet businesses has been fully achieved in 2015.

The Group's net income was 49.0 million euros in 2016, up +15.3% compared to 2015.

9.2.3.4. Presentation of the results and the consolidated cash flows with the detail for "Continued activities" and " Divested activities"

9.2.3.4.1. Income statement

(amounts in thousands of euros)	As at 31 December 2016				As at 31 December 2015			
			Continued activities				Continued activities	
	Consolidated	Divested activities	Recurring	Non recurring	Consolidated	Divested activities	Recurring	Non recurring
Revenues	812,277	-	812,277	-	877,959	5,317	872,642	-
Net external expenses	(214,817)	-	(214,817)	-	(217,051)	(8,818)	(208,232)	-
Staff expenses	(368,455)	-	(368,455)	-	(400,051)	(5,966)	(394,085)	-
Recurring EBITDA	**229,005**	**-**	**229,005**	**-**	**260,858**	**(9,467)**	**270,325**	**-**
Non recurring items	(5,130)	-	-	(5,130)	(49,730)	(630)	-	(49,100)
EBITDA	**223,875**	**-**	**229,005**	**(5,130)**	**211,128**	**(10,097)**	**270,325**	**(49,100)**
Depreciation and amortisation	(60,643)	-	(60,643)	-	(68,325)	(16,166)	(52,159)	-
Operating income	**163,232**	**-**	**168,362**	**(5,130)**	**142,803**	**(26,263)**	**218,166**	**(49,100)**
Financial income	1,425	-	1,425	-	1,923	-	1,923	-
Financial expenses	(75,247)	-	(75,247)	-	(85,535)	(2)	(85,533)	-
Gain (loss) on foreign exchange	(25)	-	(25)	-	-	-	-	-
Net financial expense	**(73,847)**	**-**	**(73,847)**	**-**	**(83,612)**	**(2)**	**(83,610)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**89,384**	**-**	**94,514**	**(5,130)**	**59,298**	**(26,265)**	**134,663**	**(49,100)**
Corporate income tax	(40,428)	-	(42,195)	1,766	(32,649)	10,386	(62,103)	19,068
Income for the period	**48,956**	**-**	**52,320**	**(3,364)**	**26,649**	**(15,879)**	**72,560**	**(30,032)**

9.2.3.4.2. Cash flow statement

(in million of euros)	As at 31 December 2016	As at 31 December 2015	Change
Recurring EBITDA	**229.0**	**270.3**	**-15.3%**
Non monetary items included in EBITDA and other	8.2	9.8	-16.3%
Net change in working capital	(56.3)	(10.5)	-436.2%
Acquisition of tangible and intangible fixed assets	(69.1)	(75.5)	8.5%
Cash financial income	(36.0)	(79.4)	54.7%
Non recurring items	(32.6)	(27.9)	-16.8%
Corporate income tax paid	(12.6)	(19.9)	36.7%
Net Cash flow from continued activities	**30.7**	**66.8**	**-54.0%**
Net Cash flow from divested activities	-	(8.5)	
Net cash flow	**30.7**	**58.3**	**-47.3%**
Increase (decrease) in borrowings and bank overdrafts	1.7	(33.8)	105.0%
Capital increase	0.0	2.4	
Other	5.3	(17.2)	130.8%
Net cash variation	**37.7**	**9.8**	**284.7%**
Net cash and cash equivalents at beginning of period	53.3	43.6	22.2%
Net cash and cash equivalents at end of period	**91.0**	**53.3**	**70.7%**

9.2.3.5. Revenue and key indicators by vertical

SoLocal Group	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**648.7**	**640.2**	**1.3%**
Local Search	490.6	496.3	-1.1%
Number of visits (in million)	*2,432*	*2,238*	*8.7%*
ARPA (in €)	*992*	*940*	*5.6%*
Number of clients (in thousand)	*494*	*528*	*-6.3%*
Digital marketing	158.1	143.9	9.9%
Penetration rate (in number of clients)	*24%*	*22%*	*1.6 pt*
Print & Voice revenues	**163.6**	232.5	-29.6%
Revenues	**812.3**	**872.6**	**-6.9%**

The split by vertical of the French operations of the Group is as follows:

Home	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**188.6**	**182.7**	**3.2%**
Local Search	148.4	147.8	0.4%
ARPA (in €)	*1,363*	*1,272*	*7.2%*
Number of clients (in thousand)	*109*	*116*	*-6.4%*
Digital marketing	40.2	34.9	15.3%
Penetration rate (in number of clients)	*26%*	*24%*	*1.5 pt*
Print & Voice revenues	**59.1**	80.6	-26.7%
Revenues	**247.6**	**263.3**	**-6.0%**

Retail	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**125.6**	**130.4**	**-3.7%**
Local Search	96.8	101.6	-4.7%
ARPA (in €)	*728*	*696*	*4.6%*
Number of clients (in thousand)	*133*	*146*	*-8.9%*
Digital marketing	28.8	28.8	0.2%
Penetration rate (in number of clients)	*17%*	*16%*	*0.5 pt*
Print & Voice revenues	**23.5**	35.9	-34.5%
Revenues	**149.2**	**166.3**	**-10.3%**

Health & Public	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**75.9**	**71.4**	**6.4%**
Local Search	64.2	61.3	4.7%
ARPA (in €)	*769*	*741*	*3.8%*
Number of clients (in thousand)	*83*	*83*	*0.9%*
Digital marketing	11.7	10.1	16.3%
Penetration rate (in number of clients)	*16%*	*11%*	*5.1 pts*
Print & Voice revenues	**26.7**	34.9	-23.6%
Revenues	**102.6**	**106.3**	**-3.5%**

Services	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**123.8**	**124.1**	**-0.2%**
Local Search	93.0	94.4	-1.5%
ARPA (in €)	*1,304*	*1,231*	*5.9%*
Number of clients (in thousand)	*71*	*77*	*-7.0%*
Digital marketing	30.8	29.7	3.9%
Penetration rate (in number of clients)	*25%*	*24%*	*1.2 pt*
Print & Voice revenues	**34.0**	50.4	-32.6%
Revenues	**157.8**	**174.5**	**-9.6%**

BtoB	As at 31 December 2016	2015	Change 2016/2015
Internet revenues	**111.7**	**110.3**	**1.2%**
Local Search	88.3	91.2	-3.1%
ARPA (in €)	*1,131*	*1,053*	*7.4%*
Number of clients (in thousand)	*78*	*87*	*-9.8%*
Digital marketing	23.3	19.2	21.7%
Penetration rate (in number of clients)	*20%*	*18%*	*1.5 pt*
Print & Voice revenues	**20.3**	30.6	-33.7%
Revenues	**131.9**	**140.9**	**-6.4%**

9.3 Quarterly financial data

Revenues by quarter (in millions of euros)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Internet revenues	**157.9**	**167.3**	**151.8**	**163.2**	**157.1**	**164.6**	**156.1**	**171.0**
Local Search	126.3	126.4	118.7	124.9	117.6	125.8	119.8	127.4
Number of visits (in M)	*555*	*553*	*568*	*560*	*595*	*611*	*616*	*610*
ARPA[1] (in €)	*234*	*237*	*226*	*243*	*232*	*253*	*245*	*265*
Number of clients (in K)	*539*	*534*	*525*	*515*	*506*	*496*	*490*	*481*
Digital Marketing	31.6	40.9	33.1	38.3	39.6	38.7	36.3	43.6
Penetration rate (by number of clients)[2]	*22%*	*22%*	*22%*	*22%*	*23%*	*23%*	*23%*	*24%*
Print & Voice revenues	**49.0**	**72.0**	**60.5**	**51.0**	**32.8**	**50.2**	**41.1**	**39.4**
Revenues from continued activities	**206.9**	**239.3**	**212.3**	**214.2**	**190.0**	**214.8**	**197.2**	**210.4**
Revenues from divested activities	2.4	1.7	0.9	0.3	-	-	-	-
Consolidated revenues	**209.2**	**241.0**	**213.2**	**214.6**	**190.0**	**214.8**	**197.2**	**210.4**

[1] Average Revenue Per Advertiser: Average advertising revenue per client

[2] Percentage of clients who own a "Digital Marketing" product

Recurring EBITDA per quarter[1] (in millions of euros)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Internet recurring EBITDA	42.8	56.2	56.3	43.8	43.0	46.5	47.1	49.0
EBITDA/Turnover	*27%*	*34%*	*37%*	*27%*	*27%*	*28%*	*30%*	*29%*
Print & Voice recurring EBITDA	14.0	25.8	22.0	9.5	8.5	13.6	12.4	8.9
EBITDA/Turnover	*29%*	*36%*	*36%*	*19%*	*26%*	*27%*	*30%*	*23%*
Recurring EBITDA of continued activities	56.8	82.0	78.3	53.3	51.5	60.0	59.5	57.9
EBITDA/Turnover	*27%*	*34%*	*37%*	*25%*	*27%*	*28%*	*30%*	*28%*
Recurring EBITDA of divested activities	(2.6)	(2.4)	(2.8)	(1.7)	-	-	-	-
Consolidated recurring EBITDA	**54.2**	**79.6**	**75.5**	**51.6**	**51.5**	**60.0**	**59.5**	**57.9**
EBITDA/Turnover	*26%*	*33%*	*35%*	*24%*	*27%*	*28%*	*30%*	*28%*

[1] Recurring EBITDA has been restated regarding the breakdown of the Internet and Print & Voice EBITDA per quarter over 2015 in relation to the publication of the consolidated financial information as at December 31, 2015 to have established indicators on comparable methods

Income Statement per Quarter								
(in millions of euros)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Revenues	**206,9**	**239,3**	**212,2**	**214,2**	**190,0**	**214,8**	**197,2**	**210,4**
Net external expenses	(47.6)	(50.6)	(51.0)	(59.0)	(50.5)	(55.0)	(50.9)	(58.4)
Personnel expenses	(102.5)	(106.7)	(83.0)	(101.9)	(87.9)	(99.7)	(86.7)	(94.1)
Recurring EBITDA	56.8	82.0	78.3	53.3	51.5	60.0	59.5	57.9
Exceptional items	(0.4)	(1.8)	(1.8)	(45.0)	(0.3)	(1.7)	(0.5)	(2.6)
EBITDA	**56.4**	**80.1**	**76.5**	**8.3**	**51.2**	**58.3**	**59.1**	**55.3**
Depreciation and amortization	(11.4)	(10.4)	(13.0)	(17.3)	(14.1)	(14.7)	(15.2)	(16.6)
Operating Income	**44.9**	**69.7**	**63.4**	**(9.0)**	**37.1**	**43.6**	**43.8**	**41.3**
Net financial expenses	(22.1)	(20.9)	(21.2)	(19.5)	(18.2)	(18.6)	(18.9)	(18.1)
Share of result from associated companies	0.1	-	-	-	-	-	-	-
Income before tax	**23.0**	**48.9**	**42.3**	**(28.6)**	**18.9**	**25.0**	**24.9**	**23.2**
Corporate income tax	(7.9)	(22.4)	(19.9)	7.1	(7.5)	(11.2)	(11.3)	(10.5)
Tax rate	*34.2%*	*45.8%*	*47.0%*	*N/A*	*39.4%*	*45.0%*	*45.2%*	*45.1%*
Result of continued activities	**15.1**	**26.5**	**22.4**	**(21.5)**	**11.4**	**13.7**	**13.6**	**10.1**
Result of divested activities	(2.7)	(4.9)	(5.5)	(2.8)	-	-	-	-
Net Income	**12.4**	**21.6**	**16.9**	**(24.2)**	**11.4**	**13.7**	**13.6**	**10.1**

Cash flow table by quarter								
(in millions of euros)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**	**59.5**	**57.9**
Non-monetary items included in EBITDA	2.9	1.9	4.5	0.5	(0.9)	0.8	3.8	3.8
Change in working capital	(4.5)	(2.8)	(24.4)	21.1	(9.0)	(9.6)	(33.7)	(4.0)
Acquisition of tangible and intangible fixed assets	(15.9)	(18.3)	(18.6)	(22.8)	(18.9)	(16.7)	(13.2)	(20.2)
Cash financial income	(12.4)	(30.1)	(12.8)	(24.2)	(2.6)	(15.9)	(16.8)	(0.8)
Exceptional items	(5.1)	(7.8)	(7.2)	(7.8)	(3.1)	(11.6)	(6.5)	(10.9)
Acquisition expenses of investments securities and assets	-	-	-	-	-	-	-	
Corporate income tax paid	0.1	(0.7)	(7.9)	(11.3)	0.3	10.2	(8.2)	(14.9)
Net cash flow from continued activities	**21.9**	**24.2**	**11.8**	**8.8**	**17.5**	**17.2**	**(15.1)**	**10.9**
Divested	(1.2)	(1.7)	(2.5)	(3.1)	-	-	-	-
Net cash flow	**20.7**	**22.5**	**9.3**	**5.7**	**17.5**	**17.2**	**(15.1)**	**10.9**
Increase (decrease) in borrowings	(18.6)	(1.3)	(10.4)	(3.5)	12.0	3.0	(3.5)	(9.7)
Capital increase net of expenses	-	2.6	-	(0.1)	-	-	(0.0)	0.0
Other	(3.7)	6.6	(2.1)	(17.9)	(1.2)	5.9	1.1	(0.4)
Net cash variation	**(1.6)**	**30.3**	**(3.2)**	**(15.8)**	**28.3**	**26.1**	**(17.5)**	**0.8**
Net cash and cash equivalents at beginning of period	43.6	42.0	72.3	69.2	53.3	81.6	107.7	90.2
Net cash and cash equivalents at the close of the period	**42.0**	**72.3**	**69.2**	**53.3**	**81.6**	**107.7**	**90.2**	**91.0**

9.4 Results of the first quarter 2017

The revenues of SoLocal Group at Q1 2017 are as follows:

(in millions of euros)	Q1 2016	Q1 2017	Change
Internet revenues	**157**	**163**	**+4%**
Local Search	118	119	+2%
Number of visits (in M)	*595*	*634*	*+7%*
ARPA[1] (in €)	*232*	*250*	*+8%*
Number of clients (in K)	506	477	-6%
Digital Marketing	**40**	**43**	**+10%**
Penetration rate (by number of clients)	*23%*	*24%*	*+1pt*
Print & Voice revenues	**33**	**26**	**-21%**
Revenues	**190**	**189**	**-1%**

(1) Average Revenue Per Advertiser: Average advertising revenue per client
Notes: Table regarding continued activities

The Groups records revenues of 189 million euros at Q1 2017, a decrease of -1% vs Q1 2016, the increase in Internet activities compensating almost totally for the decline in the Print & Voice activities.

Internet revenues of 163 million euros at Q1 2017 is an **increase of +4% vs Q1 2016** and continues the trend noted in Q4 2016:

- **Increase in the audience:** Internet visits record an increase of +7% in Q1 2017 vs Q1 2016, with an increase of +17% for the mobile audience (which represents 45% of the total audience).
  - Local Search revenues: +2% in Q1 2017 vs Q1 2016:
  - **ARPA[1] Local Search:** +8% in Q1 2017 vs Q1 2016, which is higher than the historical trend since Q2 2016, due to the upgrade of our Search offer;
- **Clients:** -6% in Q1 2017 vs Q1 2016, the strengthening of our investments to acquire clients via telesales will only progressively show its results during the year, as well as the 2-point improvement noted in the commercial trend of the rate of decrease of the clients.
- **Digital Marketing revenues:** Revenues go from +10% in Q1 2017 vs Q1 2016, thanks to the acceleration in the Group's innovative offers: growth of +15% for sites and contents, +10% for programmatic and data, and +11% for transactional services to make appointments and reservations on-line (medical and restaurants). The Digital Marketing revenues represent 23% of total revenues this quarter.

Print & Voice revenues of 26 million euros in Q1 2017 is a **decrease of -21%** compared to Q1 2016. The activity represents 14% of total revenues this quarter.

TREASURY

10.1. Consolidated liquidities, capital resources and investment expenses
10.2. Off-balance-sheet commitments, disputes and related parties
10.3. Risks and uncertainties relating to the 2017 financial year
10.4. Events subsequent to the closing date of 31 December 2016
10.5. Research and development
10.6. Quaterly financial data

10.1 Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for **continued activities** of the Group as at 31 December 2016 and 2015:

SoLocal Group	Continued activities		
(in million euros)	As at 31 December 2016	As at 31 December 2015	Change 2016/2015
Net cash from operations	99.7	141.9	(42.1)
Net cash used in investing activities	(63.8)	(83.0)	19.2
Net cash provided by (used in) financing activities	1.9	(34.6)	36.5
Impact of changes in exchange rates on cash	(0.1)	(0.0)	(0.1)
Net increase (decrease) in cash position	**37.7**	**24.2**	**13.5**

The net cash from operations amounted to 99.7 million euros in 2016 compared to 141.9 million euros in 2015, representing a decrease of 42.1 million euros due mainly to:

- recurring EBITDA for continued activities of 229.0 million euros in 2016, down 41.3 million euros compared to 2015;
- a decrease of 4.7 million euros in exceptional disbursements (including restructuring costs);
- an increase in the working capital requirement of 56.3 million euros in 2016 compared to an increase of 10.5 million euros in 2015, representing a unfavourable change of 45.8 million euros between the two periods, due especially during the second part of the year to clients and suppliers pressures reacting to uncertainty on the Group financial restructuring;
- a net disbursement of 36.0 million euros in respect of net financial interest in 2016 compared to 79.4 million euros in 2015 representing a positive variation of 43.4 million euros between the two periods. This is partly due to the postponing of interest rate payment to 2017 first quarter (around 28 million euros) and to the maturing of hedging instruments in September 2015. (11 million euros);
- a disbursement of 12.6 million euros in respect of corporation tax in 2016 compared to 19.9 million euros in 2015.

The net cash used in investing activities represents a disbursement of 63.8 million euros in 2016, a decrease compared to a disbursement of 83.0 million euros recorded in 2015, mainly comprising:

- 69.1 million euros in respect of acquisitions of tangible and intangible fixed assets in 2016 compared to 76.1 million euros in 2015;
- 4.1 million euros paid in 2016 for the security deposit for the CityLights premises in Boulogne, offset by 1.6 million euros linked to the reimbursement of the security deposit for Sèvres;
- 0.9 million euros in earn-out disbursement in 2016, compared to a disbursement of 13.3 million euros including an acquisition of net price supplements of the cash flow in 2015;
- 9.0 million euros in terms of the restitution in 2016 of the cash collateral paid in 2014 as a guarantee for two commercial lease contracts for future completion.

The net cash used in financing activities amounted to 1.9 million euros in 2016 compared to a disbursement of 34.6 million euros in 2015, representing a decrease of 36.5 million euros due mainly to:

- the drawing of the revolving credit line for a net amount of 38.4 million euros as at 31 December 2016 compared to a repayment of the same line for 20.0 million euros as 31 December 2015;
- the contractual repayment of the « Excess cash-flow » of the tranche A7 of the bank loan for an amount of 15.2 million euros;
- the repayment of a loan for an amount of 1.7 million euros;
- the treating as a decrease in debt (no longer as a cash equivalent) the partial repurchase of a bond loan for an amount of 12.2 million euros in 2015;
- the payment of refinancing expenses of 7.0 million euros in 2016.

The table below shows **the consolidated Group's cash position** in the year's ending on 31 December 2016 and 2015:

SoLocal Group	As at 31 Décember	
(in million euros)	2016	2015
Accrued interest not yet due	0.0	0.1
Cash and cash equivalents	**91.0**	53.6
Cash	**91.1**	**53.7**
Bank overdrafts	**(0.1)**	(0.4)
Net cash	**91.0**	**53.3**
Bank borrowing	783.6	800.5
Bond loan	337.8	350.0
Revolving credit facility	38.4	-
Loan issue expenses	(10.5)	(18.4)
Capital leases	0.3	0.7
Earn-outs	2.0	2.8
Accrued interest not yet due	32.1	4.1
Other financial liabilities	4.0	4.2
Gross financial debt	**1,187.8**	**1,143.9**
of which current	*1,186.4*	*25.6*
of wich non current	*1.3*	*1,118.3*
Net debt	**1,096.8**	**1,090.5**
Net debt of consolidated group and loan issue expenses	**1,107.3**	**1,108.9**

The Group net debt is up 6.3 million euros compared to 31 December 2015. It stood at 1,096.8 million euros as at 31 December 2016 compared to 1,090.5 million euros as at 31 December 2015.

As at 31 December 2016, it mainly comprised:

- of a tranche A7 bank loan, for a total amount of 783.6 million euros;
- a revolving credit line fully drawn for 38.4 million euros as at 31 December 2016;
- a bond loan amounting to a total of 337.8 million euros at a fixed rate of 8.875%

Excluding loan issue expenses of 10.5 million euros as at 31 December 2016, the net debt amounted to 1,107.3 million euros as at 31 December 2016.

10.2 Off-balance-sheet commitments, disputes and related parties

See notes 29 to 31 of the consolidated financial statements.

10.3 Risks and uncertainties relating to the 2017 financial year

SoLocal Group has reviewed the risks that could have a significantly unfavourable effect on its business, financial position or results (or its ability to achieve its goals):

- Risks associated with the implementation of the Group's strategy: the implementation of the Group's strategy, as set out in particular within the scope of the "Conquérir 2018" plan, presents a certain number of risks that could considerably reduce the Average Annual Net Cash Flow before debt service. In fact, bearing in mind its digital profile in a constantly evolving competitive environment, the SoLocal Group needs a financial structure that will give it the necessary agility to deal with the market risks and job risks such as pressure from competition, particularly in its vertical segments such as Retail and Services, an acceleration in the fall or rise of production costs in Print & Voice activities, the growing pressure on prices accentuated in the field of Digital Marketing (in particular, a convergence of these prices towards American prices), an unanticipated development in the economic Local Search model in the event of marked penetration of products charged based on performance, or even a major decline in the working capital requirement.

  Each of these risks could have a negative effect on the Group's net cash before cumulative debt service over the lifetime of the plan, in an amount corresponding to six to twelve months of average net cash flow, which could have a significant negative impact on the Group's activities, financial situation, results or its capacity to achieve its objectives.

With net debt amounting to 1,096.8 million euros as at 31 December 2016 (cf. note 1.3), the Group's covenant on financial leverage stands at 4.00 times greater than consolidated EBITDA such as defined in the agreement with the financial institutions. Consequently, the Group is not complying with its bank covenant on the financial leverage as at 31 December 2016. On the other hand, it is compliant with all of the other bank covenants.

This grants to the creditors the faculty to pronounce at any time (subject to imperative stipulations of the Commercial Code) the immediate prepayment of all of the financial debt of SoLocal Group, i.e. 1,172.0 million euros (as at 31 December 2016, own debt not deducted detailed below and excluding accrued interest not yet due).

(amounts in thousands of euros)	As at 31 December 2016
Bank borrowing	(783,638)
Bond loan	(350,000)
Repurchase of bond loan [1]	12,154
Revolving credit facility	(38,395)
Borrowing & revolving credit facility	**(1,159,879)**
Financial debt of Solocal Group, own debt not deducted	**(1,172,033)**

(1) Own debt (cf. note 25).

However, due to the ratification by the Tribunal de commerce of Nanterre on 22 December 2016 of the modification to the accelerated financial safeguard procedure plan implemented in application of the judgement of the Tribunal de commerce of Nanterre of 9 May 2014, the creditors renounced this right («Renunciation to Prepayment»).

The carrying out of the restructuring operations, such as described in chapter 4 of the Second Update to the «Document de Référence», remains subject to the carrying out of the capital increase with preferential subscription rights of the shareholders of a maximum amount of about 400 million euros (including the issue premium), able to be increased to a maximum of about 460 million euros in case of the full exercise of the extension clause, at a price of one (1) euro per share, i.e. the issuing of a maximum of about 400 million shares, guaranteed by all of the creditors and which can be increased to a maximum of about 460 million shares in the case of the full exercise of the extension clause. The settlement of all various equity operations planned could take place before 15 March 2017. However, this calendar is subject to changes, in particular in connection with the period for obtaining the visa of the Autorité des Marchés Financiers on the prospectus related to the Rights Issue.

In the event the restructuring operations of the Group's debt in terms of the Exiting Credit Agreement are not carried out, the Amended Plan will not take effect. Furthermore, the Renunciation to Prepayment (such as defined hereinabove) would lose its effects and the Group would not have enough net consolidated working capital requirement to handle its cash flow requirements and the dates of maturity of its debt over the next twelve months starting from the date of this update to the «Document de Référence».

In the hypothesis where this plan would not be implemented in the scheduled timeframe, SoLocal Group could find itself in a state of cession of payments. And the creditors could avail themselves, in the very short term, of various fault that have occurred or that will occur, to render their debt immediately payable and exercise the guarantees that they hold on the securities of the subsidiary PagesJaunes SA. Indeed, the loans taken out by SoLocal Group each contain clauses that allow for the acceleration in repayment in particular in the case (i) of the nomination of an ad hoc agent or of a mediator, (ii) the financial covenants are broken and (iii) non-payment of interest.

SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

- The legal aspects: the occurrence of arbitration procedures or major lawsuits, uncertainty or stiffening of applicable regulations, especially the application of restrictions to the Group's right to collect personal data, could have a significant unfavourable effect on the Group's business, results, financial position or its ability to achieve its goals.
- Market risks: in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk (cf. note 28). The company indicated that it was preparing a plan to drastically reduce its debt. The absence of carrying out this plan could hamper the company's ability to return to solid fundamentals, implement its strategy and come back to growth.
- Note on going concern : please refer to going concern note 2 which is updated with the latest developments on financial restructuring.

10.4 Events subsequent to the closing date of 31 December 2016

None

10.5 Research and development

At the cutting edge of its sector, the SoLocal Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

11 RESEARCH AND DEVELOPMENT

At the cutting edge of its sector, the SoLocal Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. This research and innovation activity is presented in Chapters 5.2 and 6.1 of this Reference Document.

The amount and breakdown of business developments costs are given in Note 12 of the Notes to the Consolidated Accounts for the 2016 financial year, in Chapter 20.1 – Historical Financial Information.

12 INFORMATION ON TRENDS

Long-term outlook

The objectives and trends presented below are based on data, hypotheses and estimates that the Group considers reasonable on the date of this Reference Document. These objectives and trends are not forecasts within the meaning of Regulation (EC) No 809/2004, as amended.

These future outlooks and objectives, which are the result of the Group's strategic orientation, are not provisional data or estimates of profit of the Group. The data and hypotheses presented below may evolve or be amended depending in particular on the evolution of the economic, financial, competitive, regulatory and fiscal environment or as a result of other factors of which the Group is not aware on the date of this Reference Document.

In addition, the materialization of the risks described in Chapters 4 "Risk Factors" of the Reference Document, in particular the risks relative to the Group's business and its strategy, the legal, market or industrial and environmental risks, could have an impact on the activities, financial situation, revenues and prospects of the Group and therefore affect its capacity to achieve the objectives presented below.

Moreover, achievement of the objectives assumes the success of the Group's strategy. The Group therefore does not make any commitment or provide any guarantee regarding the achievement of the objectives appearing in this section.

Long-term ambitions

The goal of SoLocal Group's plan is to generate:

	2016	2017[1]	2018[1]	CAGR[2] 2018-2020
Increase in Internet revenues	+1%	+3% to +5%	+9%	Single-digit growth at the top of the range
Increase in the recurring EBITDA[3]	-15%	-8% to -2%	+5%	Single-digit growth at the top of the range

(1) Starting in 2017, the financial performance indicators concern the consolidated scope corresponding to the continued activities.
(2) CAGR: Compound Annual Growth Rate.
(3) Increase in the recurring EBITDA for the entire Group (Internet + Print & Voice).

13 PROFIT FORECASTS OR ESTIMATES

Prospective information

This prospective information is provided for 2017, and was communicated on publication of the 2016 annual results.

They are divided into two key indicators which represent the performance of the Group:

- increase in Internet revenues between 2016 and 2017 between +3 % and +5 %;
- 2017 Recurring EBITDA between 210 and 225 million euros.

Macro-economic hypotheses

SoLocal Group operates in an estimated addressable market in 2015 of 34 billion euros (source: independent consulting firm).

This market is composed of three segments. First, traditional advertising is valued at 27.1 billion euros, a decrease of around -2%. Second, digital advertising is valued at 2.5 billion euros, an increase of around +4%. Lastly, the part relative to Digital Marketing is valued at around 4 billion euros, a growth of between +5 and +10%.

SoLocal Group did not see a significant development in 2016 of the growth of these various market segments, and does not anticipated any for 2017.

Conversely, within these various segments, the Group notes a continuous intensification of competition, including among other things the increase in power of new hyper-specialized players, and the growing need to pursue product innovation.

Hypotheses within the company

The 2017 outlook is part of a context in which the Group can now deploy its strategic development plan, since the financial operations which made it possible to reduce its debt by 1.2 billion euros to 398 million euros have been implemented. As a reminder, they are part of the financial reorganization plan which was approved by the General Shareholders' Meeting on December 15, 2016, by the creditors, and the Commercial Court of Nanterre.

SoLocal Group thus emerges from a long period of management particularly constrained by the weight of its debt since 2015, to which strong uncertainty was added as a result of the financial reorganization which affected business particularly in the 2016 fourth quarter. These elements will have an unfavorable impact on the revenue outlook in the 2017 second and third quarters. This will, however, be partially offset by the continuous improvement in operational performance and the growing evolution of the product mix in favor particularly of Digital Marketing.

The profitability profile of the Group will depend in part on the extent of the rise in power of the new solutions implemented during 2016 and in 2017. As an example, but not limited to, SoLocal Group launched in 2016 innovative solutions relative to keywords on PagesJaunes and the partner sites (Google, Bing), campaigns on Facebook, etc.

In addition, other hypotheses are used, and are based in particular on continuation on the one hand, of the decrease in the Print & Voice business at a rate comparable to that seen in 2016, and on the other hand, on the strict management of expenditures.

The resulting financial outlook for 2017 is as follows:

- increase in Internet revenues between +3% and +5%;
- recurring EBITDA between 210 and 225 million euros, as a result in particular of the weight in the activity of the new solutions implemented, as cited above.

The Internet revenue and EBITDA margin outlook for 2017 depends on data, hypotheses and estimates considered reasonable by SoLocal Group. It is likely to evolve or be amended due to uncertainties connected in particular to the economic environment.

14 ADMINISTRATIVE AND MANAGEMENT BODIES

14.1 Board of Directors
14.2 Criminal offences and potential conflicts of interest
14.3 Management bodies

14.1 Board of Directors

As of the date of this document, the Board of Directors is composed of the following members:

- Nathalie Balla;
- Jacques-Henri David;
- Sandrine Dufour;
- Alexandre Loussert;
- Arnaud Marion;
- Monica Menghini;
- Robert de Metz;
- Cécile Moulard;
- Joëlle Obadia;
- Jean-Pierre Remy;
- Jean-Marc Tassetto.

The Board of Directors, on the date of this document, is composed of eleven members, of whom one is a corporate officer, one a Director representing the personnel and nine are independent directors.

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
Nathalie Balla La Redoute 57, rue Blanchemaille 59100 Roubaix, France	French	Director Member of the Audit Committee	July 29, 2014	General Shareholders' Meeting in 2018	Chairman of the BCR SAS (France) Chairman of the New R SAS (France) Permanent Representative of the New R SAS (France) Chairwoman of La Redoute SAS (France) CEO of Relais Colis SAS (France) Director of La Redoute Sverige (Sweden) Director of Redcats (UK) Ltd (United Kingdom) Liquidator of La Redoute Mag SAS (France) Chief Executive Officer of La Redoute Catalogue Benelux SA (Belgium) Director de La Redoute Suisse SA (Switzerland) Chairwoman of the Board of La Redoute Catalogue Benelux SA (Belgium) Permanent Representative of La Redoute, Chairwoman of Les Aubaines Mag SAS (France) Member of the Board of FEVAD (France) Offices no longer held: Chairwoman of the Board of Ref Brésil SA (France) Liquidator of Ellos France SAS (France) Permanent Representative of La Redoute Mag Director de Ref Bresil SA (France) Member of the Board and Deputy Chair of PICOM (France) Chairman of La Redoute Mag SAS (France) Chairwoman of Ellos France SAS (France) Director of Redcats Brands Ltd (United Kingdom) Director of Redcats Finance Ltd (United Kingdom) Director of Holdsworth Collections Ltd (United Kingdom)
Jacques-Henri David 47, rue du Faubourg Saint-Honoré 75008 Paris, France	French	Director Member of the Audit Committee	October 19, 2016	General Shareholders' Meeting in 2020	Director of UGC - Paris (France) Chairman of the Audit Committee of the Principality of Monaco (France) Director of Edmond de Rothschild Europe - Luxembourg (Luxembourg) Director of Edmond de Rothschild Monaco (Monaco) Chairman of Acxior Corporate Finance

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
Sandrine Dufour PROXIMUS (Belgacom) Boulevard du Roi Albert II 27 1030 Brussels, Belgium	French	Director Chairwoman of the Audit Committee	April 23, 2013	General Shareholders' Meeting in 2018	Finance Director and Member of the Management Committee of Proximus (Belgium) Director of BICS (Belgacom International Carrier Services) (Belgium) Director de Proximus Group Services SA (Belgium) Director of Connectimmo (Belgium) Director de Proximus Art Asbl (Belgium) Offices no longer held: Executive Director for Finance and Strategy of the Groupe SFR (France) Chairman - CEO of CID SA (France) Chairman - CEO of SNBL SA (France) Permanent representative of SFR, Director of SFD SA (France) Director of SHD SA (France) Permanent representative of SFR, Director of SFR Service Client SA (France) Permanent representative of SFR, Director of SFR Collectivités SA (France) Director of Société Financière de Communication et du Multimedia SA (France) Permanent representative of SFR, Director of Ltb-R SA (France) Member of the Supervisory Committees of Foncière Rimbaud 1 SAS, Foncière Rimbaud 2 SAS, Foncière Rimbaud 3 SAS, Foncière Rimbaud 4 SAS (France) Member of the Strategic and Financial Committee of La Poste Telecom SAS (France) Member of the Supervisory Committee of Numergy SAS (France) Chairwoman of the Board of LDCom Italie (Italy) Chairwoman of the Board of LDCom Suisse (Switzerland) Member of the Audit Committee of Maroc Telecom (Morocco) Director de CEREP (France) Chairwoman and Director of Watchever Group (former Vivendi Mobile Entertainment) (France) Director of the Groupe Telindus France
Alexandre Loussert 3, rue Jules Ferry 92400 Courbevoie, France	French	Director Member of the Remuneration and Nominations Committee	October 19, 2016	General Shareholders' Meeting in 2020	None Offices no longer held: None
Arnaud Marion Marion & Partners 563 Chiswick High Road London W4 3AY United kingdom	French	Director Member of the Audit Committee	October 19, 2016	General Shareholders' Meeting in 2020	Director of Marion & Partner LTD (United Kingdom) Managing Director - Non-Director de Neuhauser Financiere (France) Managing Director - Non-Director de Boulangerie Viennoiserie Française (France) Offices no longer held: Manager of Initiales AM SARL (France) Manager then Chairman of Trans Consult International (France) Director of EGP (France) Manager of ART DAM (France) Chairman then Liquidator of Sirenak (France) Chief Executive Officer of MIA ELECTRIC SAS (France) Representative of SideAlliance on the Supervisory Committee of ASCOMETAL (France) Chairman, Chief Executive Officer and Director, then Chairman of the Board of DOUX SA (France)
Monica Menghini Dassault Systèmes 10, rue Marcel Dassault CS 40501 78946 Velizy – Villacoublay cédex France	Italian	Director	October 19, 2016	General Shareholders' Meeting in 2020	Deputy Managing Director, Strategy of Dassault Systèmes Offices no longer held: None

Name	Nationality	Function	Date appointed	Date office expires	Other duties and main offices in other companies during the past five years
Robert de Metz Dexia Group Bastion Tower – Place du Champ de Mars 5 B-1050 Brussels, Belgium	French	Director Chairman of the Board of Directors Chairman of the Committee of Remuneration and Nominations	November 5, 2014	General Shareholders' Meeting in 2019	Chairman of the Board and Independent Director of Dexia SA (Listed company - Belgium) Chairman of the Board and Director of Dexia Crédit Local (Belgium) Director and Chairman of the Audit Committee of Media Investments (French-Belgian) Chief Executive Officer of Bee 2 Bees SA (Belgium) Member of the Executive Committee of La Fondation pour les Monuments Historiques (France) **Offices no longer held:** Member of the Supervisory Board of Canal Plus France SA (France) Non-Executive Director and Member of the Audit Committee of Belfius Banque (Dexia Banque Belgique) (Belgium)
Cécile Moulard SIXIÈME CONTINENT 5, rue de la Baume 75008 Paris, France	French	Director Member of the Committee of Remuneration and Nominations	March 26, 2013	General Shareholders' Meeting in 2019	Director of MilleMercis (Listed Company - France) Director of the Internet incubator holding of Truffle Capital (France) Director of AXA France (IARD-Vie) (France) **Offices no longer held:** Director of Foncière INEA (France)
Joëlle Obadia PagesJaunes 204, Rond-Point du Pont de Sèvres 92100 Boulogne- Billancourt, France	French	Director Employee Representative	April 7, 2016	April 7, 2020	None **Offices no longer held:** None
Jean-Pierre Remy SoLocal Group 204, Rond-Point du Pont de Sèvres 92100 Boulogne- Billancourt, France	French	Director Chief Executive Officer	May 17, 2009	General Shareholders' Meeting in 2018	Chairman of the Board and Director of PagesJaunes (France)* Director of SoLocal Marketing Service (France)* Director of Mappy (France)* Chairman of the Board and Director of QDQ Media (Spain)* **Offices no longer held:** Chairman of the Board of SoLocal Group (Listed company - France) Chief Executive Officer of PagesJaunes (France) Chairman of the Board and Director of Médiannuaire Holding (France)
Jean-Marc Tassetto Coorpacademy – EPFL Innovation Park Bâtiment I 1015 – Lausanne, Switzerland	French	Director Member of the Committee of Remuneration and Nominations	November 5, 2014	General Shareholders' Meeting in 2019	Chairman of the Board of Coorpacademy Director of Paper. li (Switzerland) **Offices no longer held:** Independent consultant to the Board of Directors of Fullsix (France)

*Subsidiary of SoLocal Group

Changes in the composition of the Board of Directors

Ms Abeille Deniau was elected Director and employee representative on June 30, 2015. In that capacity, she participated in several meetings of the Company's Board of Directors. Following an appeal filed by a trade union, by a judgment pronounced on December 18, 2015 the Regional Court of Boulogne-Billancourt annulled the elections of June 30, 2015. Further elections were held for a Director and employee representative. Mrs. Joëlle Obadia was elected Director and employee representative on April 7, 2016.

The General Shareholders' Meeting of October 19, 2016 appointed Ms Monica Menghini whose candidacy had been proposed by the Board of Directors, and Messrs Alexandre Loussert, Jacques-Henri David and Arnaud Marion who had been proposed by the shareholders.

Moreover, following the adoption of the revised financial reorganization plan by the General Shareholders' Meeting of December 15, 2016, the governance arrangement was revised as follows:

- on January 5, 2017, the Board of Directors noted the resignation of Mr Rémy Sautter from his duties as Director and appointed, as his replacement, Mr John Slater as Director; and
- Mr Matthew Glowasky was appointed censor representing the three creditors parties to the agreement concluded November 3, 2016 with the Company on the revised financial reorganization plan.

Messrs John Slater and Matthew Glowasky resigned their positions as director and censor on March 24, 2017.

Independent directors

The Board of Directors included nine independent members (82% of the Board of the Board of Directors) Nathalie Balla, Cécile Moulard, Sandrine Dufour, Monica Menghini, Jacques-Henri David, Alexandre Loussert, Arnaud Marion, Robert de Metz and Jean-Marc Tassetto.

The criteria used to determine whether or not a director is independent are those of the AFEP/MEDEF Corporate Governance Code.

With respect to the Chairman of the Board of Directors, Mr Robert de Metz, the Board considers that he is an independent director based on the AFEP/MEDEF Corporate Governance Code criteria, and the fact that Mr de Metz recently advised the Board in respect of the Company's financial restructuring transactions is not in contradiction with these criteria, since the cost of the shares in the Company that Mr de Metz purchased after his appointment far exceeded the compensation he received for these advisory services and paid to a company he was the main shareholder of.

There are no family relationships between the members of the administrative and management bodies.

Biographies of the members of the Board of Directors

Nathalie Balla has managed several companies and is a specialist in e-commerce and digital transformations. After beginning her career as the CEO of several subsidiaries of the Karstadt Quelle group, where she launched the Quelle e-commerce site, she was appointed CEO in 2009 of La Redoute, where she implemented a transformation plan that enabled it to return to growth a year later. In 2011, she was named "E-commerce Personality" of the year by E-commerce magazine. In December 2013, the Kering group decided to sell La Redoute to Nathalie Balla, who thus became the French retailer's chairwoman and CEO and to Éric Courteille, General Secretary at Redcats. Nathalie Balla graduated from the ESCP-EAP business school in Paris and holds a doctorate degree in economics and accounting.

Jacques-Henri David is Chairman of the Audit Committee of the Principality of Monaco (since 2011), Director of Edmond de Rothschild Europe - Luxembourg and Edmond de Rothschild Monaco (since 2015) and Director of SoLocal (since 2016). Jacques-Henri David, between 1967 and 1985, held the positions of Finance Inspector at the Ministry of Economy and Finance, Deputy Director, then Chief of Staff of René Monory (Minister of the Economy) and of the Secretary General of the National Credit Council at Banque de France. Later, he was Financial Director then Director General of the Compagnie Saint-Gobain (1985-1989), Chairman of the Stern Bank (1989-1992), Chairman of the Research Centre for the Expansion of the Economy (Rexecode) (1989-1996), Director General of the Compagnie générale des eaux (CGE) (1993-1995), Chairman of the Management Board of Crédit d'équipement des petites et moyennes entreprises (CEPME) (1995-1999), Chairman of Sofaris (1996-1999), Chairman of Banque du développement des petites et moyennes (BDPME) (1997-1999), member of the Economic and Social Council (CES), Chairman of the Deutsche Bank France Group (1999-2009) and Vice Chairman of the "Global Banking" Division of Deutsche Bank AG (2005-2009) then Founder and Chairman of Acxior Corporate Finance (2010-2014). Former student of the École Polytechnique, he is a graduate of Institut d'études politiques (IEP) of Paris and the École nationale supérieure de la statistique et de l'administration économique (Ensae). Jacques-Henri David is Commander of the Legion of Honour and the National Order of Merit.

Sandrine Dufour has been a member of the Steering Committee of Proximus in Brussels since January 2015 and its Chief Financial Officer since April 2015. From May 2013 until the end of 2014, she was Executive Director of Finance and Strategy at Groupe SFR. Prior to that, Ms Dufour worked at Vivendi, successively as Special Assistant to the Chief Financial Officer, Chief Financial Officer of VU Net, Head of Internal Auditing and Special Projects at Vivendi in New York, Deputy Chief Financial Officer and Head of Innovation at Groupe Vivendi. Before joining Vivendi in 1999, Ms Dufour was a financial analyst for BNP and stockbroker for CAI Cheuvreux. She holds a degree from ESSEC Business School and is a member of SFAF (the French Society of Financial Analysts) and a Chartered Financial Analyst (CFA).

Alexandre Loussert held management duties in the RATP (2004-2013). He is the Ambassador for Peace to the Comité Europe Afrique under the aegis of UNESCO since 2007. Alexandre Loussert is Chairman of the Association RegroupementPPLocal the purpose of which is to assert the interests and rights of the shareholders of SoLocal Group in the short, medium and long term.

Arnaud Marion (Classics, Sciences-Po Paris) began his career in 1987 at Arthur Andersen before joining the Edmond de Rothschild Group in 1993. In 2001, the created Trans Consult International, then in 2014, Marion & Partners in London, companies specialized in crisis management, complex operations, strategic analysis and negotiations. He has worked with emblematic companies such as Pleyel, Le Lido, la Salle Pleyel, Heuliez and Doux. He also offers his services in bonis and in court situations and has worked with more than 250 businesses and 40 general management mandates in the banking and services sectors as well as industry. He has been a Lecturer at Sciences-Po in Paris from 1993 to 1998 and is the author of 4 books. Arnaud Marion was also a member from 2006 to 2012 of the National Commission charged with granting the label "EPV – Entreprises du Patrimoine Vivant [Living Heritage Company]" awarded by the Ministry of the Economy and Finance, and founded the Association Nationale des Entreprises du Patrimoine Vivant [National Association of Living Heritage Companies] of which he was Chairman from 2010 to 2012. He has received the Excellence Française pour Pleyel prize in 2012 as well as the Ulysse des lecteurs de Challenges prize and the ARE award for the best company turnaround in 2016.

Monica Menghini has gained a wealth of experience in the creation of brand equity at Proctor & Gamble and Saatchi & Saatchi. In 2007, she became responsible for the partnership between Dassault Systèmes and the Publicis Group, focused on providing digital modelling and cooperation solutions to marketing.

Monica Menghini re-joined Dassault Systèmes in 2009 to head the consumer goods and fast-moving products sectors, also assisting in the diversification of the activities of the company and its expansion into new industrial and economic cultures. In 2011, she was appointed Deputy Managing Director in charge of Industries and became a member of the Executive Committee. In 2012, she also assumed responsibility for Marketing and Corporate Communication. In 2015, she became Deputy Managing Director, Strategy, with the mission of defining the business strategy and creating the master plan of all the departments of the company, combining business planning, the strategy of the brand and industries portfolio, the distribution strategy, the marketing strategy of the brands and the company and the online marketing and sales strategy.

Convinced that brand equity is the source of the growth of a company, Monica Menghini endeavors to translate the vision of Dassault Systèmes into an offer if unique value. She nurtures Dassault Systèmes's ability to provide, broadcast and implement radically innovative ideas and solutions, in particular with 3DEXPERIENCE.

Monica Menghini is a law graduate of Sapienza University (Rome) where she also earned a Master's Degree in Economics and a Master's Degree in Behavioral Psychology.

Robert de Metz began his career at the Inspection générale des Finances (the French public-sector auditing body). He then moved to the private sector working for Banque Indosuez in 1983 in Hong-Kong and Paris and then at the end of 1987 for Demachy Worms & Cie. Joining Paribas in 1991, he held numerous positions there, in particular mergers-acquisitions, before being appointed member of the board, responsible from London for rates markets, foreign exchange and derivatives. Between 2002 and 2007, he was Deputy Managing Director for the Vivendi group, in charge of mergers-acquisitions and strategy. As independent Director of Dexia since July 2009, he has held the post of Chairman of the Board since August 2012. Robert de Metz graduated from the Institut d'études politiques de Paris and from the École nationale d' administration.

Cécile Moulard began her career in media (radio and television). In October 1995, she founded Carat Interactive, assuming the role of Chief Executive Officer and heading the company's international development. She then joined the Vivendi group as an advisor to the Chairman on Internet-related issues, served as Amazon.fr first CEO in charge of Strategy, Marketing and Development, before joining Meetic's management team to prepare its IPO. Today, Cécile Moulard shares her time between France and the United States. She is a founding partner of Smallbusinessact.com and sits on the boards of MilleMercis and AXA France. A Young Leader Fellow, an Eisenhower Fellow and a Remarque Fellow, Cécile Moulard graduated from IEP Paris with a DESS degree in Marketing and earned a certificate in Finance at UCLA.

Joëlle Obadia spent 10 years with the Thomson group, with 5 of these years at Thomson Brandt Armements where she looked after external public relations (press, public, events relations in France and overseas); in November 1991, she joined the Sales Department PagesJaunes, being responsible for sales force incentives, then for boosting sales by combining with leading sales, commercial challenges, information from the various sales channels and client events. In 2007, Joëlle Obadia joined the Sales Department management committee, becoming Manager of Sales Growth, and taking on management and guidance of all sales training. Today, she is PR Director and MICE within Operational Excellence.

Jean-Pierre Remy has been SoLocal Group's Chief Executive Officer since May 25, 2009 and was also its Chairman of the Board from December 11, 2012 until November 5, 2014. Born in 1964, he is a graduate of the École centrale in Paris and of the HEC business school, where he completed the doctoral program. After many years of experience as a strategic consultant and partner at Bain & Company where he specialized in the digital economy, he founded Egencia in 2000, which became the global leader in online business travel. In April 2004, Mr Remy sold Egencia to Expedia and was put in charge of Expedia's European and then Global Business Travel units and also sat on Expedia Inc.'s Executive Committee.

Jean-Marc Tassetto was Chief Marketing Officer at a Danone group subsidiary before joining Groupe SFR where he served successively as CMO, Deputy CEO, Head of Services and Products, and finally Head of Marketing and Consumer Business. In 2010, he was made CEO of Google France and in 2013 founded Coorpacadémy. Mr Tassetto graduated from ESCP and holds a DEA post-graduate degree in business management. He is an affiliate professor at HEC Paris.

14.2 Criminal offences and potential conflicts of interest

Over the past five years, no member of an administrative body, a management body or of senior management has been:

- convicted of fraud;
- directly involved in bankruptcy, receivership or liquidation proceedings;
- charged with a crime and/or sanctioned by a statutory or regulatory authority;
- involved in legal proceedings to prevent him or her from serving on an administrative, management or supervisory body of an issuer of securities or from participating in the management or administration of an issuer of securities business.

There is no potential conflict of interests between the duties of the members of administrative and management bodies and of senior management with regard to the Company and their private interests and/or other duties.

14.3 Management bodies

As of the date of this document, the Company's senior management is composed of the following members:

Name	Function
Jean-Pierre Remy	Chief Executive Officer
Christophe Pingard	Deputy Chief Executive Officer
Virginie Cayatte	Chief Financial Officer in charge of Finance, Property and Purchasing
Pascal Garcia	General Secretary and Assistant CEO in charge of Strategy, Partnerships and External Relations
Julien Veyrier	Assistant General Secretary, Head of Human Resources and Institutional Relations
Nicolas Gauthier	Head of Business Solutions (Système d'Information et Technologies Internet Annonceurs Adnet)
Frédéric Obala	CEO of Search Digital Local

Jean-Pierre Remy has been SoLocal Group's Chief Executive Officer since May 25, 2009 and was also its Chairman of the Board from December 11, 2012 until November 5, 2014. Born in 1964, he is a graduate of the École centrale in Paris and of the HEC business school, where he completed the doctoral program. After many years of experience as a strategic consultant and partner at Bain & Company where he specialized in the digital economy, he founded Egencia in 2000, which became the global leader in online business travel. In April 2004, Mr Remy sold Egencia to Expedia and was put in charge of Expedia's European and then Global Business Travel units and also sat on Expedia Inc.'s Executive Committee.

Christophe Pingard has been SoLocal Group's Deputy Chief Executive Officer since November 21, 2011. He is accountable for the revenues of all Group entities and heads the Advertisers Division's Sales, Marketing and Operations Departments. Before joining SoLocal Group, he worked for Steelcase Strafor for 12 years before leaving the company to co-found Egencia, the leader in online business travel. There is served as CEO for France and then Senior Vice-President for Europe and Asia-Pacific. Born in 1964, Christophe Pingard holds an MBA and a DESS degree in Quality Management and Innovation.

Virginie Cayatte is Chief Financial Officer in charge of Finance, Property and Purchasing since 6 January 2015. Ms Cayatte, who is 44 years old, was awarded the Légion d'Honneur in 2014 and became a member of French Financial Analysts Society (SFAF) in 1997. She also holds degrees from the École Polytechnique (1993) and the École des Mines in Paris (1995). Before joining SoLocal Group, she was Chief Financial Officer at AXA IM, the asset management subsidiary of the AXA group since 2009. From 2002 to 2006, she oversaw the regulation of financial markets at the French Treasury Department (Direction générale du Trésor et de la prévision économique). She began her career at the AXA group in the Finance Department, where among other things she oversaw financing and cash management from 1997 to 2002.

Pascal Garcia is General Secretary and Assistant Chief Executive Officer in charge of Strategy, Partnerships and External Relations. He previously held various senior management posts within SoLocal Group, first at Telelistas, a 50% subsidiary in Brazil, from 1997 to 2001, then at Wanadoo Edition in 2002, before serving as CEO of Spanish subsidiary QDQ Media from 2003 to 2008. Until January 1, 2014 he was Assistant CEO in charge of Strategy, Partnerships and External Relations. He began his career in 1982 in the Financial department of Comex, an oilfield services company, and then joined Coflexip in Brazil, where he held various management posts in France and internationally before being appointed CEO of Coflexip Stena Offshore Brazil. Mr Garcia was born in 1958, is of French and Brazilian nationality, is a graduate of HEC business school and holds MBAs from Fundação Getulio Vargas (São Paulo, Brazil) and ESADE (Barcelona, Spain).

Julien Veyrier is Assistant General Secretary, Head of Human Resources and Institutional Relations. A graduate of the École normale supérieure (Paris) and Sciences-Po Paris, he also holds a DEA degree in Economic Geography from the Paris-I University. Mr Veyrier began his career as Assistant Head of Research at UMP, a political party. In 2007, he joined the National Education Ministry as an advisor and then became personal advisor to Xavier Darcos, the Minister of Labor, Industrial Relations, the Family, Solidarity and the City. In 2010, he was appointed Assistant to the Principal Secretary of the Minister of Industry, then Assistant to the Principal Secretary to the Minister of Apprenticeship and Vocational Training. Since 2011, he was the director of Centre Inffo, the Centre for Information on Continuing Education.

Nicolas Gauthier, a graduate of ESIGETEL, began his career at Bossard Consultants, then joined Accenture, where for eight years he specialized in the Telecoms, Media and Internet sectors. In 2006, he joined Capgemini Consulting where, as Vice-President he headed the TechnoStrategy business unit. In 2010, he joined SoLocal Group where he is currently head of Business Solutions.

Frédéric Obala, graduated from HEC in 1989. He began his career as Consultant in Strategy at Coopers & Lybrand Consulting, before joining Promodes starting in 1992, and becoming the head of a superstore in Madrid in 1998. Starting in 1999, he assumes responsibility for the coordination between Promodes and the Carrefour Group, before being entrusted with the management of the internet site, carrefourmultimédia.fr. In 2002, he joined the PPR Group (Kering) as Director of Strategy and member of the Executive Committee, then as Director of Marketing and the web of La Redoute. In 2008, he assumed the general management of Domeo, subsidiary of Véolia and Homeserve. In 2012, Frédéric Obala was appointed Managing Director of the Marketing and Services Division of Darty. He joined SoLocal Group in 2014. He was Managing Director of SoLocal Network before assuming the responsibility in 2015 of the Digital Marketing Division of the Group during the creating creation of the Product Lines, grouping the Sites, Presence Management, the sponsored relations (ADvertising), Programmatic Data and the international entities.

15 COMPENSATION AND BENEFITS

15.1 Overall compensation and benefits in kind
15.2 Sums provisioned or recognized elsewhere for payment of pensions, retirement or other benefits
15.3 Components of compensation submitted for shareholder approval
15.4 Principles and criteria for determining, distributing and awarding the compensation of corporate officers

15.1 Overall compensation and benefits in kind

All gross compensation, excluding employer charges and benefits in kind individually owed and paid by the Company to the corporate officers during the year ended December 31, 2016 within SoLocal Group is summarized in the tables below:

SUMMARY TABLE OF COMPENSATION AND OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

	2016 financial year	2015 financial year
Robert de Metz, Chairman of the Board of Directors		
Compensation owed for the year (detailed in the table below)	90,000	90,000
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	–	–
Valuation of the other long-term compensation plans	–	–
Jean-Pierre Remy, Chief Executive Officer		
Compensation owed for the year (detailed in the table below)	1,075,008	1,049,233
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	–	–
Valuation of the other long-term compensation plans	–	–
Christophe Pingard, Deputy Chief Executive Officer		
Compensation owed for the year (detailed in the table below)	595,704	588,785
Valuation of the options awarded during the year	–	–
Valuation of the performance shares awarded during the year	–	–
Valuation of the other long-term compensation plans	–	–
TOTAL	**1,760,7612**	**1,728,018**

SUMMARY TABLE OF THE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

	2016 financial year		2015 financial year	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Robert de Metz, Chairman of the Board of Directors				
Fixed compensation	—	—	—	—
Annual variable compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	90,000[(2)]	90,000	90,000	95,133[(3)]
Benefits in kind	—	—	—	—
TOTAL	**90,000**	**90,000**	**90,000**	**95,133**
Jean-Pierre Remy, Chief Executive Officer				
Fixed compensation	520,000	520,000	520,000	520,000
Annual variable compensation	483,600	468,000	468,000	494,000
Exceptional compensation	—	—	—	—
Directors' fees	50,994	84,310	41,000	10,265
Benefits in kind[(1)]	20,414	20,414	20,233	20,233
TOTAL	**1,075,008**	**1,092,724**	**1,049,233**	**1,044,498**
Christophe Pingard, Deputy Chief Executive Officer				
Fixed compensation	370,000	370,000	370,000	370,000
Annual variable compensation	206,460	200,000	200,000	166,500
Exceptional compensation	—	—	—	—
Directors' fees	—	—	—	—
Benefits in kind[(1)]	19,244	19,244	18,785	18,785
TOTAL	**595,704**	**589,244**	**588,785**	**555,285**

(1) Availability of a Company car and payment of unemployment insurance.

(2) According to the rules on the distribution of directors' fees decided by the Board of Directors and in force in 2016, Robert de Metz received a fixed total of 90,000 euros for his participation on the Board of Directors.

(3) This amount includes 5,133 euros paid in 2005 to Robert de Metz for his contribution to the Board of Directors for the year 2014. It is stated that Robert de Metz was appointed as Chairman of the Board of Directors on November 5, 2014.

Table of directors' fees and other compensation received by non-executive officers

Non-executive officers	Amount owed in 2016	Amounts paid in 2016*	Amount owed in 2015	Amounts paid in 2015*
Nathalie Balla				
Directors' fees	51,153	51,153	59,000	69,266
Other compensation	—	—	—	—
Thierry Bourguignon(1)				
Directors' fees	—	20,000	20,000	20,531
Other compensation	—	—	134,458	134,458
François de Carbonnel(2)				
Directors' fees	—	—	8,000	8,000
Other compensation	—	—	—	—
Jacques Henri David(3)				
Directors' fees	5,379	—	—	—
Other compensation	—	—	—	—
Abeille Deniau(4)				
Directors' fees	—	16,000	16,000	0
Other compensation	—	—	64,793	64,793
Sandrine Dufour				
Directors' fees	60,771	116,375	63,000	12,832
Other compensation	—	—	—	—
Alexandre Loussert(5)				
Directors' fees	—	7,684	—	
Other compensation	—	—	—	—
Arnaud Marion(6)				
Directors' fees	—	—	—	—
Other compensation	—	—	—	—
Monica Menghini(7)				
Directors' fees	3,842	—	—	—
Other compensation				
Cécile Moulard				
Directors' fees	60,913	60,913	53,000	53,000
Other compensation	—	—	—	—
Joëlle Obadia(4)				
Directors' fees	43,381	34,160	—	—
Other compensation	101,736	101,736	—	—
Rémy Sautter				
Directors' fees	62,291	125,070	7,200	18,606
Other compensation	—	—	—	—
Jean-Marc Tassetto				
Directors' fees	53,593	53,593	48,000	48,000
Other compensation	—	—	—	—

(*) For 2015 and 2016, the amounts indicated do not include the 30% withholding for foreign tax residents and 21% withholding for French tax residents.
(1) The term of office of Thierry Bourguignon, Director and employee representative, expired on July 20, 2015.
(2) François de Carbonnel resigned at the Board meeting on April 27, 2015.
(3) Jacques Henri David was appointed by General Shareholders' Meeting of October 19, 2016.
(4) Abeille Deniau was elected Director and employee representative on June 30, 2015. In that capacity, she participated in several meetings of the Company's Board of Directors. Following an appeal filed by a trade union, by judgment pronounced on December 18, 2015 the Regional Court of Boulogne-Billancourt annulled the elections of June 30, 2015. Further elections were organized. Ms Joëlle Obadia was elected Director and employee representative on April 7, 2016.
(5) Alexandre Loussert was appointed at the General Shareholders' Meeting of October 19, 2016.
(6) Arnaud Marion was appointed at General Shareholders' Meeting of October 19, 2016. He waived receiving directors' fees.
(7) Monica Menghini was appointed at the General Shareholders' Meeting of October 19, 2016.

The Combined Shareholders' General Meeting of June 11, 2015 fixed the amount of the directors' fees allocated to members of the Board of Directors for the current financial years and later financial years at 490,000 euros, until a new decision of the General Shareholders' Meeting.

According to the rules of distribution of directors' fees decided by the Board of Directors, directors are paid the following fees for their attendance at the Board of Directors:

- 4,000 euros per Board of Directors meeting;
- 4,000 euros per Committee meeting;
- a fixed fee of 90,000 euros to the Chairman of the Board of Directors;
- a fixed fee of 10,000 euros to the Chairman of the Audit Committee.

The amount of the directors' fees due to the members of the Board of Directors for the year 2016 amounted to 490,000 euros.

Messrs Arnaud Marion and John Slater waived receiving their directors' fees.

As in previous years, the 2016 directors' fees were paid in two instalments: one prior to the election of Mrs Menghini, Mr David, Mr Loussert and Mr Marion by the General Shareholders' Meeting of October 19, 2016, and the balance at the end of the year 2016 or early 2017.

A reduction was made to the amounts due under these two payments pursuant to the mathematical rules of distribution set out below, in order to take account of the number of meetings of the Board of Directors and the Committees having taken place in 2016.

In order that the directors having joined the Board of Directors at the General Shareholders' Meeting of October 19, 2016 are not disadvantaged by the interim payment made before this Meeting (in relation to a calculation based only on the application of a single distribution key over the whole of the year), the meeting of the Board of Directors of February 2, 2017 decided to pay Mrs Monica Menghini, Mr Jacques-Henri David and Mr Alexandre Loussert a respective gross amount of 836 euros, 3,744 euros and 4,246 euros (by deducting from the 2017 envelope of directors' fees).

Mr Arnaud Marion did not want to receive directors' fees 2016.

Compensation of Messrs Jean-Pierre Remy and Christophe Pingard payable in 2017

2017 fixed compensation:

The Board of Directors kept the amounts of the fixed compensation awarded to the Chief Executive Officer, Jean-Pierre Remy (520,000 euros) and the Deputy Chief Executive Officer, Christophe Pingard (370,000 euros) unchanged. These amounts have not changed since December 2012 for Jean-Pierre Remy and since October 2011 for Christophe Pingard.

Annual variable compensation for 2016 payable in 2017:

It is stated that the 2016 variable compensation criteria for corporate officers had been fixed by the Board of Directors at its meeting of February 10, 2016, on the proposal of the Remuneration and Appointments Committee.

These criteria are presented in the table below.

It is specified that, in compliance with the recommendations of the Corporate Governance Code, the Board of Directors deliberated on the compensation of Messrs Jean-Pierre Remy and Christophe Pingard without their presence. It simply recorded the degree of achievement of the targets set previously.

It is stated that the variable compensation comprises a target value, which was fixed for Mr Jean-Pierre Remy at 100% of his fixed compensation and for Mr Christophe Pingard at 60% of his fixed compensation. This variable compensation may vary for Jean-Pierre Remy between 0% and 200%, and for Christophe Pingard between 0% and 120%, of their fixed compensation, according to the level of achievement of quantitative (for 80%) and qualitative (for 20%) criteria, pre-established in early 2016 and detailed in the tables below.

In early 2016, it was decided that the quantitative criteria would be common to Messrs Jean-Pierre Remy, Christophe Pingard and around a hundred directors of SoLocal Group.

Concerning Jean-Pierre Remy:

				%	Target	Max	True
Common targets 80% of total variable 80% of fixed compensation (target)	Internet revenues	Evolution vs 2015	As % of fixed compensation	0%	**20%**	40%	**10%**
			Value of indicator	+0.7%	**+2.7%**	+4.7%	**+1.3%**
	EBITDA	EBITDA/ revenues	As % of fixed compensation	0%	**20%**	40%	**26.4%**
			Value of indicator	26%	**28%**	30%	**28.2%**
	Simplification	Resolution of 30 complex issues	As % of fixed compensation	0%	**20%**	40%	**21.6%**
			Value of indicator	18 issues resolved	**24 issues resolved**	30 issues resolved	**24.5 issues resolved**
	Promoter clients	Improvement of % of clients advertisers and user ambassadors of SoLocal	As % of fixed compensation	0%	**20%**	40%	**18%**
			Value of indicator	0	**100K advertiser ambassadors 1 M user ambassadors**	200K advertiser ambassadors 2 M user ambassadors	**36,370 advertiser ambassadors 1.4 M user ambassadors**
TOTAL COMMON TARGETS				**0%**	**80%**	**160%**	**76%**
Individual targets 20% of total variable 20% of fixed compensation (target)	Refinancing of the Group	Operation of at least 100 ME: capital increase, conversion of debt into capital or any other form of negotiation with the lenders		0%	**10%**	20%	**10%**
	Communication	Internal and external communication, incarnation and promotion of the image of the Group		0%	**10%**	20%	**7%**
TOTAL INDIVIDUAL TARGETS				**0%**	**20%**	**40%**	**17%**
TOTAL VARIABLE AS% OF FIXED COMPENSATION				**0%**	**100%**	**200%**	**93%**

The variable portion of the 2016 compensation of Mr Jean-Pierre Remy, Chief Executive Officer, was therefore set at 483,600 euros, being 93% of the target objective and 46.5% of the maximum bonus that could be achieved.

As a reminder, the variable portion for the Chief Executive Officer amounted to 468,000 euros for the financial year 2015, and 494,000 euros for the financial year 2014.

Concerning Christophe Pingard:

				Min	Target	Max	True
Common targets 80% of total variable 80% of fixed compensation (target)	Internet revenues	Evolution vs 2015	As % of fixed compensation	0%	**12%**	24%	**6%**
			Value of indicator	+0.7%	**+2.7%**	+4.7%	**+1.3%**
	EBITDA	EBITDA/ revenues	As % of fixed compensation	0%	**12%**	24%	**15.9%**
			Value of indicator	26%	**28%**	30%	**28.2%**
	Simplification	Resolution of 30 complex issues	As % of fixed compensation	0%	**12%**	24%	**13%**
			Value of indicator	18 issues resolved	**24 issues resolved**	30 issues resolved	**24.5 issues resolved**
	Promoter clients	Improvement of % of clients advertisers and user ambassadors of SoLocal	As % of fixed compensation	0%	**12%**	24%	**10.7%**
			Value of indicator	0	**100K advertiser ambassadors**	200K advertiser ambassadors	**36.370 advertiser ambassadors**
					1 M user ambassadors	1 M user ambassadors	**1.4 M user ambassadors**
TOTAL COMMON TARGETS				**0%**	**48%**	**96%**	**45.6%**
Individual targets 20% of total variable 20% of fixed compensation (target)	Progression in the acquisition of new clients beyond 2015, being over 40 ME in 2016 on the France BUs			0%	**6%**	12%	**7.2%**
	Enrichment of content held by the Group: professionals, notices, photos, websites, etc.			0%	**6%**	12%	**3%**
TOTAL INDIVIDUAL TARGETS				**0%**	**12%**	**24%**	**10.2%**
TOTAL VARIABLE AS % OF FIXED COMPENSATION				**0%**	**60%**	**120%**	**55.8%**

The variable portion of the 2016 compensation of Mr Christophe Pingard, Deputy Chief Executive Officer, was fixed at 206,460 euros, being 93% of the target objective and 46.5% of the maximum bonus that could be achieved.

As a reminder, the variable portion of the Deputy Managing Director amounted to 200,000 euros for the financial year 2015 and 166,500 euros for 2014.

Annual variable compensation of Messrs Jean-Pierre Remy and Christophe Pingard for 2017, payable in 2018

For 2017, the Board of Directors, on the proposal of the Remuneration and Appointments Committee, drew up the criteria for assessing the variable portion of the executive corporate officers.

As announced at the General Shareholders' Meeting December 15, 2016, a change was made to the general variable compensation structure of the corporate officers, with the introduction of the Total Shareholder Return as assessment criterion to the level of 25% of the variable portion.

Furthermore, considering that the digital transformation and financial restructuring of SoLocal Group are well advanced, the qualitative criteria have been removed for 2017.

The criteria for assessment of the 2017 variable compensation of the directors, all quantitative, convey the full focus of the Group on its profitability and growth.

As in previous years, these criteria will be shared with around a hundred directors of the Group.

The 2017 variable compensation assessment criteria of Messrs Jean-Pierre Remy and Christophe Pingard and their respective weights are summarized in the tables below.

Concerning Jean-Pierre Remy:

The Board of Directors fixed the 2017 target objective of the variable portion of the compensation of Jean-Pierre Remy at 100% of the fixed compensation where targets are achieved, and which can vary between 0% and 200% of the fixed compensation, based on the following criteria:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	50%	100%
Growth in Internet revenues 2017	0%	12.5%	25%
Evolution in number of Clients	0%	12.5%	25%
Total Shareholder Return	0%	25%	50%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**100%**	**200%**

Concerning Christophe Pingard:

The Board of Directors fixed the 2017 target objective of the variable portion of the compensation of Christophe Pingard at 60% of the fixed compensation where targets are achieved, and which can vary between 0% and 120% of the fixed compensation, based on the following criteria:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	24%	48%
Growth in Internet revenues 2017	0%	10.5%	21%
Evolution in number of Clients	0%	10.5%	21%
Total Shareholder Return	0%	15%	30%
TOTAL VARIABLE AS % OF FIXED COMPENSATION	**0%**	**60%**	**120%**

It is stated that no performance shares or stock options were awarded in 2016.

The information relative to the performance shares or stock options is presented in Section 17.1.

Moreover, as SoLocal has put in place additional specific pension schemes (see Section 17.2), the Board of Directors decided to have the Chief Executive Officer and the Deputy Chief Executive Officer benefit from the additional defined contribution pension scheme (Article 83 of the French General Tax Code), established for the executives of the Group. The employer's share of the pension contributions under Article 83 of the French General Tax Code of Jean-Pierre Remy and Christophe Pingard for the year 2016 amounted to 8,920 euros for each of them.

The Company has not put in place any additional specific pension scheme for its corporate officers.

Commitments made to corporate executive officers

Robert de Metz does not benefit from any deferred compensation commitment by the Company.

As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to his flat gross annual compensation (fixed and variable with objectives achieved), on condition that Jean-Pierre Remy has achieved at least 80% of his annual targets for the past three years. The severance package would be paid only after the Board of Directors of the Company verified the achievement of the applicable performance condition.

A non-competition obligation is stipulated in the event of termination of Jean-Pierre Remy's appointment as Chief Executive Officer for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of the French territory. The corresponding package would be equal to 12 months of compensation calculated on the basis of the monthly average of total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Jean-Pierre Remy in instalments of one-fourth of the total package at the end of every six-month period. The Company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate Jean-Pierre Remy's position as Chief Executive Officer of the Company.

The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

In its meeting of December 13, 2016, the Board of Directors decided to align the severance conditions of Christophe Pingard to those in force to the benefit of Jean-Pierre Remy.

As Christophe Pingard has no employment contract, the Board of Directors consequently approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation (regardless of the form of departure: dismissal, non-renewal or resignation) on condition that revenues Christophe Pingard has achieved on average at least 80% of his annual targets of the past three years. The severance package will be paid only after the Board of Directors verifies the achievement of the performance condition. This package would be equal to 12 months of compensation calculated on the basis of the monthly average of his total gross compensation over the last 12 months of activity preceding the termination date.

A non-competition obligation is planned in the event that Christophe Pingard's appointment as Deputy Chief Executive Officer is terminated for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of the French territory. The corresponding package would be equal, on the basis of a 24-month non-competition period, to 12 months of compensation calculated on the basis of the monthly average of the total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Christophe Pingard in four instalments at the end of each six-month period. At the time of termination, the Company may waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding severance package).

The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

Corporate executive officers	Employment contract		Supplementary pension scheme		Indemnities or benefits due or which could be due because of termination or a change in position		Indemnities tied to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Robert de Metz Chairman of the Board of Directors		X		X		X		X
Jean-Pierre Remy Chief Executive Officer		X	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	
Christophe Pingard Deputy Chief Executive Officer		X	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code)		X		X	

15.2 Sums provisioned or recognized elsewhere for payment of pensions, retirement or other benefits

On the date of this Reference Document, the sums provisioned or recognized elsewhere for the payment of pensions, retirement or other benefits were as follows:

- for Jean-Pierre Remy: 0 euro;
- for Christophe Pingard: 0 euro;
- for Joëlle Obadia: 101,196 euros as provision for the retirement scheme and 3,609 euros as provision for the seniority plan.

15.3 Components of compensation submitted for shareholder approval

Pursuant to the AFEP/MEDEF Corporate Governance Code, which the Company follows, the shareholders will be asked at the Annual General Shareholders' Meeting to approve the elements of the compensation owed or awarded to Robert de Metz, Jean-Pierre Remy and Christophe Pingard for 2016.

ROBERT DE METZ, CHAIRMAN OF THE BOARD OF DIRECTORS

Elements of the compensation owed or awarded for the year ended		
	Amounts or valuation submitted for vote	Description
Fixed portion	N/A	No fixed compensation.
Amount of the annual variable portion	N/A	No variable compensation.
Valuation of the deferred variable portion	N/A	The principle of awarding deferred variable compensation is not applied.
Valuation of the multi-year variable compensation	N/A	There is no multi-year variable compensation mechanism.
Amount of exceptional compensation	N/A	No exceptional compensation.
Valuation of share options and performance shares or any other item of long-term compensation	N/A	No award.
Directors' fees	€90,000	€90,000 as a flat-rate amount for his term as Chairman of the Board of Directors.
Valuation of benefits of any kind	N/A	
Compensation elements due or awarded for the year ended which have been approved or will be submitted for approval by the General Shareholders' Meeting under the procedure for related-party agreements and commitments		
Amount due for termination of position:		
• Severance package	N/A	N/A
• Non-competition indemnity	N/A	N/A
Amount due for supplementary pension scheme	N/A	N/A

JEAN-PIERRE REMY, CHIEF EXECUTIVE OFFICER

Elements of the compensation owed or awarded for the year ended		
	Amounts or valuation submitted for vote	Description
Fixed portion	€520,000	€520,000 in 2015
Amount of the annual variable portion	€483,600	The variable compensation comprises a target value which has been fixed for Mr Jean-Pierre Remy at 100% of his fixed compensation. This variable compensation can vary between 0% and 200% of his fixed compensation, depending on the level of achievement of quantitative (for 80%) and qualitative (for 20%) criteria, pre-established in early 2016 and detailed in the table presented on page 102 of the reference document. The variable portion of the 2016 compensation of Mr Jean-Pierre Remy has been fixed at 483,600 euros, being 93% of the target objective and 46.5% of the maximum bonus that can be earned.
Valuation of the deferred variable portion	N/A	The principle of awarding deferred variable compensation is not applied.
Valuation of the multi-year variable compensation	N/A	There is no multi-year variable compensation mechanism.
Amount of exceptional compensation	N/A	No exceptional compensation.
Valuation of share options and performance shares or any other item of long-term compensation	N/A	No allotment during the financial year 2016.
Directors' fees	€50,994	€4,000 per Board meeting.
Valuation of benefits of any kind	€20,414	Company vehicle and payment of unemployment insurance contributions.
Compensation elements due or awarded for the year ended which have been approved or will be submitted for approval by the General Shareholders' Meeting under the procedure for related-party agreements and commitments		
Amount due for termination of position: • Severance package	No amount due for the year ended	As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to his flat gross annual compensation (fixed and variable with objectives achieved), on condition that Jean-Pierre Remy has achieved at least 80% of his annual targets for the past three years. The severance package would be paid only after the Board of Directors of the Company verified the achievement of the applicable performance condition.
• Non- competition indemnity	No amount due for the year ended	A non-competition obligation is stipulated in the event of termination of Jean-Pierre Remy's appointment as Chief Executive Officer for any reason and in any form. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of the French territory. The corresponding package would be equal to 12 months of compensation calculated on the basis of the monthly average of total gross compensation for the 12 months of employment preceding the termination date. It would be paid to Jean-Pierre Remy in instalments of one fourth of the total package at the end of every six-month period. The Company will have the option to release Jean-Pierre Remy from this non-competition clause by informing him of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate Jean-Pierre Remy's position as Chief Executive Officer of the Company. The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable. These commitments were previously approved by the Board of Directors at its meetings of May 17, 2009 and March 10, 2014 and by the General Shareholders' Meetings of June 10, 2010 and June 19, 2014.
Amount due for supplementary pension scheme	No amount due for the year ended	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code), resulting in a contribution of 5.50% applied to tranches B and C of the compensation. 40% of this contribution is paid by Jean-Pierre Remy, *i.e.* 2.20%, and 60% by the Company, which equals 3.30%. These commitments were previously approved by the Board of Directors at its meetings of May 17, 2009 and March 10, 2014 and by the General Shareholders' Meetings of June 10, 2010 and June 19, 2014.

CHRISTOPHE PINGARD, DEPUTY CHIEF EXECUTIVE OFFICER

Elements of the compensation owed or awarded for the year ended		
	Amounts or valuation submitted for vote	Description
Fixed portion	€370,000	€370,000 in 2015
Amount of the annual variable portion	€206,460	It is stated that the variable compensation comprises a target value which has been fixed for Mr Christophe Pingard at 60% of his fixed compensation. This variable compensation can vary between 0% and 120% of his fixed compensation depending on the level of achievement of quantitative (for 80%) and qualitative (for 20%) criteria, pre-established in early 2016 and detailed in the table presented on page 103 of the reference document. The variable portion of the 2016 compensation of Mr Christophe Pingard has been fixed at 206,460 euros, being 93% of the target objective and 46.5% of the maximum bonus that can be earned.
Valuation of the deferred variable portion	N/A	The principle of awarding deferred variable compensation is not applied.
Valuation of the multi-year variable compensation	N/A	There is no multi-year variable compensation mechanism.
Amount of exceptional compensation	N/A	No exceptional compensation.
Valuation of share options and performance shares or any other item of long-term compensation	N/A	No allotment during the financial year 2016.
Directors' fees	N/A	Christophe Pingard is not a member of the Board of the Company and does not receive directors' fees.
Valuation of benefits of any kind	€19,244	Company vehicle and payment of unemployment insurance contributions.

Compensation elements due or awarded for the year ended which have been approved or will be submitted for approval by the General Shareholders' Meeting under the procedure for related-party agreements and commitments		
Amount due for termination of position: • Severance package	No amount due for the year ended	As Christophe Pingard has no employment contract, the Board of Directors consequently approved a severance package in the event he was forced to leave the Company because of a change in control or strategy or its implementation (regardless of the form of departure: dismissal, non-renewal or resignation) on the condition that Christophe Pingard has achieved on average at least 80% of his annual targets for the past three years. The amount of the compensation will only be paid after the Board of Directors has recorded fulfilment of the performance condition. The amount of this compensation would be equal to 12 months' compensation calculated on the basis of the monthly average of the total gross compensation of the last 12 months of activity preceding the date of cessation of duties.
• Non-competition indemnity		A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition would be limited to a period of 24 months beginning on the effective termination date, and would cover all of the French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. It will be paid to Christophe Pingard in four instalments at the end of each six-month period. At the time of termination, the Company may waive the benefit of the non-competition commitment (in which case it will not be required to pay the corresponding severance package). The total amount of the two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable. These commitments were previously approved by the Board of Directors at its meeting of October 26, 2011, April 29, 2014 and December 13, 2016, and by the General Shareholders' Meetings of June 6, 2012 and June 19, 2014. They will be submitted for the vote of the shareholders at the forthcoming 2017 Annual General Meeting.
Amount due for supplementary pension scheme	No amount due for the year ended	Defined contribution supplementary pension scheme (Article 83 of the General Tax Code), resulting in a contribution of 5.50% applied to tranches B and C of the compensation. 40% of this contribution is paid by Christophe Pingard, *i.e.* 2.20%, and 60% by the Company, which equals 3.30%. This commitment was previously approved by the Board of Directors at its meeting of October 26, 2011 and April 29, 2014.

15.4 Principles and criteria for determining, distributing and awarding the compensation of corporate officers

This report, drawn up pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, deriving from law no. 2016-1691 of December 9, 2016 ("Sapin 2 Law"), sets out the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional elements composing the total compensation and the benefits in kind of the corporate officers of SoLocal Group for the financial year 2017.

1 Principles and rules for determining the compensation and benefits granted to the corporate officers

The compensation of the corporate officers of the Group is determined in compliance with the recommendations of the AFEP/MEDEF Corporate Governance Code, revised in November 2016, and the provisions of the Sapin 2 Law.

It is drawn up by the Board of Directors, on the proposal of the Remuneration and Appointments Committee, and submitted to the vote of the General Shareholders' Meeting.

It is subject to regular comparative studies in order to ensure the competitiveness and fairness of the compensation policy within the Group.

The conditions of compensation of the corporate officers comprise firstly annual growth and personal operational effectiveness targets, and secondly long-term targets linked to the economic and financial performance of the Group. They notably take account of the specificities of firms of the digital sector in the matter of compensation and retention of management staff.

During previous years, the Board of Directors wanted the variable compensation of the corporate officers to take account of their involvement in the issues of transformation of the organization, systems, offer and culture of the Group.

In 2015, the targets of the corporate officers notably comprised the resolution of the 40 operational difficulties deemed the most critical for the smooth running of the company, and a target specifically relating to the transformation of the human resources of the Group.

In 2016, the Board of Directors had upheld a target relating to the implementation of 25 simplification projects, with particular emphasis on the budget management of the activities of the Group.

As the transformation of the Group is now largely completed, the Board of Directors wanted the targets fixed for the corporate officers for the year 2017 to be devoted as a priority to the management of the growth of the Group and based for 25% on the total shareholder return, in compliance with the commitment made by the General Shareholders' Meeting on December 15, 2016.

2 Compensation of the executive corporate officers

2.1 Annual compensation

2.1.1 Structure of the annual compensation

The annual compensation of the Chief Executive Officer and that of the Deputy Chief Executive Officer comprise a fixed portion and a variable portion, the criteria for which are (i) partly common to all directors of the Group ("common targets"), and (ii) partly individual ("individual targets").

It was the subject of a comparative study conducted by an independent consultancy in October 2016.

This study established that the level of fixed compensation of the corporate officers was based in the lowest quarter of fixed compensations awarded to directors of companies comparable by the size or the nature of the activity.

From this same study, it also emerged that the absolute level of total monetary compensation, both fixed and variable, was in line with the median of comparable firMs

2.1.2 Annual fixed compensation for 2017

For the financial year 2017, the fixed compensation of the Chief Executive Officer and the Deputy Chief Executive Officer will amount respectively to 520,000 euros and 370,000 euros. The amount of this fixed compensation has not changed since 2013.

2.1.3 Annual variable compensation for 2017 payable in 2018

The criteria for the variable compensation of the corporate officers for the financial year 2017 payable in 2018 were set by the Board of Directors at its meeting of February 2, 2017, on the proposal of the Remuneration and Appointments Committee, in line with the rollout of the "Conquer 2020" strategic plan.

Subsequently, considering the negative opinion expressed by the General Shareholders' Meeting on October 19, 2016 on the compensations for the financial year 2015, the Board of Directors wished to introduce an annual target linked to the financial performance of the company (total shareholder return) which aligns the variable portion and the long-term profit sharing of the corporate officers even further with the interest of the shareholders.

The criteria for assessment of the 2017 variable compensation of Messrs Jean-Pierre Remy and Christophe Pingard and their respective weight are summarized in the table below:

Concerning Jean-Pierre Remy:

The Board of Directors fixed the 2017 target objective of the variable portion of the compensation of Jean-Pierre Remy at 100% of the fixed compensation where targets are achieved, and which can vary between 0% and 200% of the fixed compensation, based on the following criteria:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	**50%**	100%
Growth in Internet revenues 2017	0%	**12.5%**	25%
Evolution in number of Clients	0%	**12.5%**	25%
Total Shareholder Return	0%	**25%**	50%
TOTAL VARIABLE AS% OF FIXED COMPENSATION	**0%**	100%	**200%**

Concerning Christophe Pingard:

The Board of Directors fixed the 2017 target objective of the variable portion of the compensation of Christophe Pingard at 60% of the fixed compensation where targets are achieved, and which can vary between 0% and 120% of the fixed compensation, based on the following criteria:

	Min	Target	Max
Evolution of the aggregate EBITDA-CAPEX	0%	**24%**	48%
Growth in Internet revenues 2017	0%	**10.5%**	21%
Evolution in number of Clients	0%	**10.5%**	21%
Total Shareholder Return	0%	**15%**	30%
TOTAL VARIABLE AS% OF FIXED COMPENSATION	**0%**	60%	**120%**

Payment of the elements of variable compensation for the financial year 2017 to the Chief Executive Officer and the Deputy Chief Executive Officer will be conditional on approval by the Ordinary Shareholders' General Meeting of the Company to be held in 2018.

2.1.4 Multi-year variable compensation

N/A.

2.1.5 Exceptional compensation

N/A.

2.2 Other elements of compensation and benefits in kind

2.2.1 Long-term profit sharing plan

History of the 2011-2014 plans

A performance share award plan was voted in April 2014 by the General Shareholders' Meeting for the financial years 2015, 2016 and 2017 with the criterion of growth in total revenues of the Group, which had to be positive for the first tranche and greater than 3% for the second tranche. The total volume of shares awarded to the Chief Executive Officer and the Deputy Chief Executive Officer represented respectively 290,000 and 128,333 shares.

Considering the constraints linked notably to the accelerated decline in printed directories firstly, and the burden of the debt of the Group and a digital transformation which has taken more time to produce these effects secondly, this performance condition was not achieved for the financial years 2015 and 2016.

As a reminder, the 2011 performance share plan was acquired in March 2014 and at the level of 42%, being the equivalent of 1,969 new shares for the Chief Executive Officer and 844 for the Deputy Chief Executive Officer. The 2012 plan was acquired in March 2015 and at the level of 70%, being 25,270 new shares for the Chief Executive Officer and 12,635 for the Deputy Chief Executive Officer.

Principles applicable for 2017

The plan that will be submitted for the vote of the General Shareholders' Meeting has the objective firstly of attracting and retaining the talents necessary to set up the Conquer 2020 plan, and secondly of aligning their interests to those of the shareholders.

Conditions of performance of the plan

The Board of Directors will propose to the General Shareholders' Meeting that two criteria are upheld for awarding: evolution of the digital growth of the Group and the total shareholder return recorded over the period.

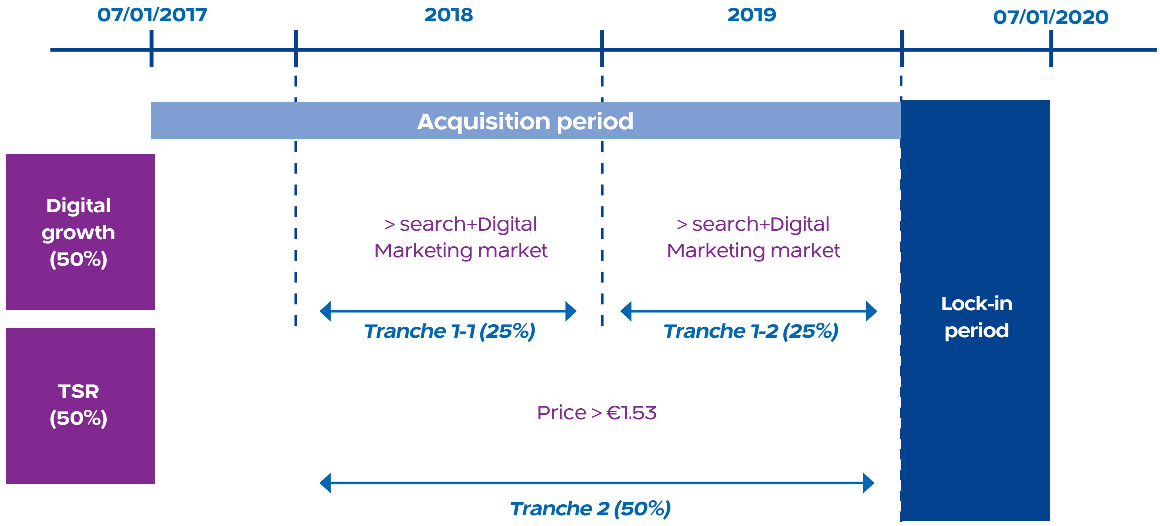
Nature of the performance conditions	Description of the performance conditions	Weighting of the performance conditions in the total award
Digital growth	Growth of the Local Search and Digital Marketing activities greater than the growth of the Internet market in France	50% of the total
Total shareholder return	Improvement in the profitability rate of the Company share (total shareholder return)	50% of the total

Mechanism for awarding performance shares

The total duration of the 2017 performance share award plan is three years, including an acquisition period of 2.5 years and a lock-in period of six months.

Each criterion is assessed twice over the duration of the plan, once for the financial year 2018 and a second time for the financial year 2019.

The plan therefore comprises four independent tranches, for the two criteria and two assessment periods, with each tranche deemed acquired however only being definitively acquired at the end of the acquisition period, subject notably to a condition of presence.



This plan will be renewed annually during the period authorized by the General Shareholders' Meeting. Insofar as the Board of Directors deems that the total duration of the plan should be five years, thus exceeding the maximum duration of 38 months, the General Shareholders' Meeting will be required to rule in 2020 on the two-year extension of the allotment mechanism.

Each annual renewal may moreover be the subject of a revision to the allotment criteria in order to respectively align the interests of the management with those of the shareholders.

Beneficiaries and provisional allotment amounts

The draft plan provides an allotment for the Chief Executive Officer of a volume equivalent to a total value of 250% of the fixed and variable compensation achieved, and 200% for the Deputy Chief Executive Officer.

In order to further combine the talents of the Group, the number of beneficiaries would be significantly increased in relation to the previous allotment carried out in 2014 (200 beneficiaries vs 110).

It is proposed to authorize the Board of Directors to allot up to 2% of the share capital per 12-month period, being a maximum total of 6% of the share capital. The shares allotted free of charge to the corporate officers may not represent more than 0.7% of the share capital per 12-month period, being a maximum total of 2.1% of the share capital.

2.2.2 Directors' fees

The Chief Executive Officer, Mr Jean-Pierre Remy, receives directors' fees for his contribution to the works of the Board of Directors.

For the financial year 2016, the amount of directors' fees due to Mr Jean-Pierre Remy was 50,994 euros, and the amount paid 84,310 euros, as the directors' fees due for his contribution to the works of the Board of Directors during the financial year 2015 were paid in early 2016.

For the financial year 2017, the total annual envelope for directors' fees is 490,000 euros, and shall be divided between all directors in compliance with the distribution rules fixed by the Board of Directors and as described in Chapter 15 of the reference document.

The Deputy Chief Executive Officer, Mr Christophe Pingard, does not receive directors' fees.

2.2.3 Compensations, indemnities or benefits due or that may be due owing to new recruits

N/A.

2.2.4 Commitments made to the benefit of the executive corporate officers

All commitments made to the benefit of the executive corporate officers have been authorized by the Board of Directors and submitted for the approval of the Ordinary Shareholders' General Meeting in compliance with the provisions of Article L. 225-42-1 of the French Commercial Code, on the understanding that those made by the Company to the benefit of Christophe Pingard, for his office of Deputy Chief Executive Officer, are subject to the approval of the General Shareholders' Meeting of June 13, 2017.

Severance package

The Board of Directors decided to set up a severance package for the Chief Executive Officer and the Deputy Chief Executive Officer in the event they are forced to leave the Company because of a change in control or strategy or its implementation, the amount of which would be equal to their flat gross annual compensation (fixed and variable with objectives achieved), on condition that they had achieved at least 80% of their annual targets for the past three years. The severance package would only be paid after the Board of Directors of the Company has recorded the achievement of the applicable performance condition.

Non-competition indemnities

A non-competition obligation is stipulated in the event of termination of the appointment of Chief Executive Officer or Deputy Chief Executive Officer for any reason and in any form. This competition prohibition is limited to a period of 24 months beginning on the effective termination date, and covers all of the French territory. The corresponding package is equal to 12 months' compensation calculated on the basis of the monthly average of total gross compensation for the 12 months' employment preceding the termination date. It would be paid to the Chief Executive Officer and the Deputy Chief Executive Officer in instalments of one-fourth of the total package at the end of every six-month period. The Company will have the option to release the two beneficiaries from this non-competition clause by informing them of its decision no later than 15 calendar days after the Board meeting that noted or decided to terminate their appointment. The cumulative total of these two packages, severance and non-competition, may not exceed two years' compensation, fixed and variable.

2.2.5 Supplementary pension

The Chief Executive Officer and the Deputy Chief Executive Officer benefit from a defined-contribution supplementary pension plan (Art 83 of the French General Tax Code) resulting from a contribution of 5.50% applied to tranches B and C of the compensation.

This contribution is paid at the rate of 40% by each of the two beneficiaries, being 2.20%, and 60% by the company, being 3.30%.

2.2.6 Stock options

No stock option allotment is planned for 2017.

As a reminder, the number of stock options definitively allotted to the Chief Executive Officer, after recording the partial achievement of the performance conditions, was 9,450 and 7,717 options respectively for the plans of July 23, 2009 and July 27, 2010, authorized by the General Shareholders' Meeting of June 11, 2009.

2.2.7 Elements of compensation and benefits in kind due or that may be due under related-party agreements

N/A.

2.2.8 Any other element of compensation attributable owing to the office

N/A.

2.2.9 Benefits in kind

The Chief Executive Officer and the Deputy Chief Executive Officer benefit from coverage by the company of unemployment insurance contributions (GSC), the amount of which is 12,164 euros for each of them.

They also benefit from a company car, the annual benefit of which is valued at 8,250 euros for the Chief Executive Officer and 7,279 euros for the Deputy Chief Executive Officer.

3 Compensation of non-executive corporate officers

Mr Robert de Metz receives a fixed annual compensation of 90,000 euros for his appointment as Chairman of the Board of Directors, in the form of directors' fees.

The Chairman of the Board of Directors does not benefit from any other compensation or benefit.

4 Other information

On the date of this report:

- the Chief Executive Officer holds, with the people affiliated to him, 334,444 shares, including 203,832 shares subscribed on March 13, 2017 within the framework of the capital increase of SoLocal Group with maintenance of the preferential subscription right, and 40,858 shares allotted free of charge considering the allotment to shareholders evidencing a registration in account of their shares on March 10, 2017, at the rate of 3 shares for 2 shares held;
- the Chairman of the Board of Directors holds, with the people affiliated to him, 637,546 shares, including 512,459 shares subscribed within the framework of this capital increase.

In the past, the Company has set up stock options and performance share allotment plans making it possible to reinforce the stake of the corporate officers in the share capital of the company.

The number of stock options granted to the Chief Executive Officer was 9,450 and 7,717 options respectively for the plans of July 23, 2009 and July 27, 2010, authorized by the General Shareholders' Meeting of June 11, 2009.

Within the framework of the performance share allotment plans of 2011, 2012 and 2013, 27,239 shares were definitively acquired by the Chief Executive Officer and 13,479 by the Deputy Chief Executive Officer after recording of the partial achievement of the performance conditions, adjusted following the 2014 capital increase and regrouping of the shares on October 26, 2015.

16 FUNCTIONING OF THE ADMINISTRATION AND MANAGEMENT BODIES

16.1 Compliance with French corporate governance standards
16.2 Service agreements
16.3 Report of the Chairman of the Board of Directors and Statutory Auditor's report on the Chairman's report

The Company is managed by a Board of Directors that decides business strategy and oversees its execution by senior management. Without prejudice to the powers expressly reserved by law for General Shareholders' Meetings and within the limits of the corporate purpose, the Board may address any concern that may have an impact on the Company's business and decide any matters within its remit. It also expresses its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology.

16.1 Compliance with French corporate governance standards

SoLocal Group observes the corporate governance principles for listed companies set forth in the November 2016 version of the AFEP-MEDEF Corporate Governance Code.

The Board of Directors has identified no difference between SoLocal Group's practices and the recommendations of the AFEP-MEDEF Corporate Governance Code.

16.2 Service agreements

Prior to his appointment as a Director and Chairman of the Board, Mr Robert de Metz was an advisor to the Board in respect of the Company financial restructuring transactions, these advisory services ending in May 2014. With this exception, no member of the Board of Directors and no Chief Executive Officer has a service agreement with the Company or with one of its subsidiaries that provides for benefits upon contract termination.

16.3 Report of the Chairman of the Board of Directors and Statutory Auditor's report on the Chairman's report

16.3.1 Report of the Chairman of the Board of Directors

Article L.225-37 of the French Commercial Code (For the year ended December 31, 2016)

Pursuant to Article L. 225-37 of the French Commercial Code, in this report the Chairman of your Board of Directors will report on the following:

- the Board's composition, how the Board prepares and organizes its work, and the Company's internal control and risk management procedures;
- the limitations the Board of Directors has placed on the Chief Executive Officer's powers;
- compliance with the recommendations of the AFEP-MEDEF Corporate Governance Code, which SoLocal Group observes;
- shareholder participation in General Shareholders' Meetings and the Board of Directors' principles and rules for determining the compensation and benefits awarded to corporate officers.

Pursuant to Article L. 225-37 of the French Commercial Code, this Chairman of the Board's report includes a description of the Group's internal control and risk management procedures and standards and of the associated responsibilities within the Group.

This report was approved by the Board of Directors at its meeting of February 2, 2017.

1. CORPORATE GOVERNANCE

Corporate Governance Code

SoLocal Group observes the AFEP-MEDEF Corporate Governance Code, available on the www.medef.fr website, and complies with all of the operating rules recommended in this code.

1.1 Composition of the Board of Directors

1.1.1 Members of the Board of Directors

On November 5, 2014, the Board of Directors decided to separate the offices of CEO and Chairman.

The Board of Directors then appointed Mr Robert de Metz as Chairman of the Board of Directors and Mr Jean-Pierre Remy as the Company's CEO.

On the date of this report, the Board's members are:

- Nathalie Balla;
- Jacques-Henri David;
- Sandrine Dufour;
- Alexandre Loussert;
- Arnaud Marion;
- Monica Menghini;
- Robert de Metz;
- Cécile Moulard;
- Joëlle Obadia;
- Jean-Pierre Remy;
- John Slater;
- Jean-Marc Tassetto.

Furthermore, during its meeting on January 5, 2017, the Board of Directors appointed Matthew Glowasky as censor.

The Board of Directors has nine members who are independent, in accordance with the criteria of the AFEP-MEDEF Corporate Governance Code: Ms Nathalie Balla, Ms Sandrine Dufour, Ms Monica Menghini and Ms Cécile Moulard, Mr Jacques-Henri David, Mr Alexandre Loussert, Mr Arnaud Marion, Mr Robert de Metz, and Mr Jean-Marc Tassetto. The Board of Directors includes an employee representative: Ms Joëlle Obadia.

SoLocal Group selects directors on the basis of the criteria recommended by the Remuneration and Appointments Committee. The main criteria are their availability and their experience and expertise in the Group's businesses activities and the specific challenges of its markets. These criteria are the same as those recommended in the AFEP-MEDEF Corporate Governance Code. The Remuneration and Appointments Committee pays particular attention to ensuring that the expertise of Board of Directors members is complementary, that there is an appropriate balance on the Board and that its members have the requisite experience.

There are no family relationships between the members of the administrative and management bodies.

Additional information on the Board's composition is provided in section VI of the Management Report.

1.1.2 Application of the principle of balanced representation of men and women on the Board of Directors

On the date of this report, the Board of Directors has four women: Nathalie Balla, Sandrine Dufour, Monica Menghini and Cécile Moulard, and seven men: Jacques-Henri David, Alexandre Loussert, Arnaud Marion, Robert de Metz, Jean-Pierre Remy, John Slater and Jean-Marc Tassetto (excluding the director representing the employees), or around 36% women and 64% men.

In accordance with Article L.225-18-1 of the French Commercial Code, the percentage of directors of each gender on the Board of Directors must not fall below 40% as of the next General Shareholders' Meeting that is to decide on appointments. The AFEP/MEDEF Corporate Governance Code also recommends attaining the threshold of 40% women on the Board of Directors beginning in 2016.

The Board of Directors had put the appointment of Monica Menghini to a vote during the General Meeting of October 19, 2016, allowing it to comply with this provision. During this same General Shareholders' Meeting, and as a result of the resolutions submitted by certain company shareholders, Jacques-Henri David, Alexandre Loussert and Arnaud Marion were also appointed directors.

The Board of Directors set itself the objective of reaching and maintaining this 40% threshold as of the next General Shareholders' Meeting that will decide on appointments.

1.2 The preparation and organization of the Board's work

1.2.1 Bylaws

At its meeting of September 23, 2004, the Board drew up bylaws based on those recommended in the AFEP-MEDEF Corporate Governance Code. These bylaws lay down the basic principles that govern the Board's operations and the rights and duties of directors.

The main provisions of the Board of Directors' bylaws are described in section 21.2.1 of the Reference Document.

1.2.2 Board meetings

The Board of Directors gives its opinion on all major decisions in relation to the Company's strategy, business development, human resources, finances and technology, and sees to it that senior management implements these decisions.

The Board met twenty-four times in 2016. On average, 90% of Directors attended each Board of Directors meeting during the financial year. The average meeting was two hours and 15 minutes long.

The Board of Directors' work mainly involved:

- financial restructuring: the Board of Directors met numerous times to review, prepare and implement the financial restructuring plan;
- reviewing financial statements and results: the Board reviewed and approved Company and consolidated annual and semi-annual financial statements and management reports. It examined quarterly revenue and key income figures and the associated financial communication. It prepared the reports and resolutions for General Shareholders' Meetings;
- reviewing business performance: at each Board meeting, senior management reported on business conditions and results, which enabled directors to keep close track of the Group's business activity "in real time";
- reviewing strategy: business unit managers regularly gave presentations of a specific Group business to the Board. The Board examined the strategic plan, discussed it at length and approved it;
- corporate governance: pursuant to Article L. 225-37 of the French Commercial Code, the Board approved the Chairman's report on the preparation and organization of the Board's work and on internal control and risk management procedures;
- Board member candidates: the Board of Directors also reviewed the nominations for the position of Board member submitted by the shareholders during the General Shareholders' Meetings held on October 19 and December 15, 2016;
- Corporate Social Responsibility (CSR): the Board of Directors was informed of the developments regarding the markets, the competitive environment and the main challenges, including with regard to the Company's social and environmental responsibility.

1.2.3 Board of Directors committees

The Board of Directors formed two committees within the Company: the Audit Committee and the Remuneration and Appointments Committee. The Board of Directors also created a finance subcommittee in connection with the review of the Group's refinancing opportunities.

1.2.3.1 Audit Committee

The Audit Committee must have at least two members appointed by the Board of Directors on the Chairman's recommendation. Pursuant to its charter, the Audit Committee designates its own Chairman.

As of the date of this document, the Audit Committee is composed of the following members:

- Ms Sandrine Dufour, Chairman;
- Ms Nathalie Balla;
- Mr Jacques-Henri David;
- Mr Arnaud Marion.

Therefore, all of its members are independent Directors.

The Audit Committee monitors all matters that have to do with the preparation and auditing of accounting and financial information. Without prejudice to the powers of the administrative, management and supervisory bodies, it is responsible for the following, in particular:

- monitoring the preparation of financial information, specifically:
  - reviewing Company and consolidated draft annual and semi-annual financial statements and draft management reports and sales and earnings tables,
  - reviewing financial communication documents,
  - ensuring that Company and consolidated financial statements comply with the accounting standards adopted,
  - reviewing the accounting treatment of specific transactions and the corresponding disclosures,
  - checking the quality and relevance of the information communicated to shareholders;
- monitoring the effectiveness of internal control and risk management systems, in particular:
  - checking that internal data collection and control procedures are complied with,
  - reviewing the selection procedure for the Company's auditors, particularly concerning how they are chosen and their conditions of remuneration for the purposes of making comments,
  - reviewing the annual audit programs proposed by the statutory and internal auditors, examining the internal auditing reports for the past year and preparing the audit engagement program for the current year,
  - each year, assessing the Group's exposure to risks and in particular to financial and litigation risks, significant off-balance sheet commitments and the effectiveness of the internal control system;
- the statutory audit of the annual Company, and, if applicable, consolidated, financial statements;
- monitoring the independence of the Statutory Auditors;
- giving its opinion on the Statutory Auditors proposed for appointment at the General Shareholders' Meeting;
- reporting regularly on its work to the Board of Directors and informing it immediately of any difficulty encountered.

These duties do not limit the powers of the Board of Directors, which cannot rely on the duties or opinions of these committees to reduce its responsibility.

The Audit Committee shall meet as often as it deems useful and shall address any matter that falls within its remit. It may ask the Company to provide it with any document or information it needs to carry out its duties and conduct any internal or external audit on any matter it believes is pertinent to these duties. When reviewing annual and semi-annual draft financial statements, the committee may question the Statutory Auditors in the absence of the Company's senior executives. The Audit Committee must be notified of any accounting or auditing irregularity.

The Audit Committee met eight times in 2016. On average, 90% of the Audit Committee's members attended each of the Audit Committee's meetings during the year. It regularly met with the Company's senior executives, senior Finance Department Managers, the head of Auditing, Risks and Internal Control and the Statutory Auditors, to discuss their work programs and their follow-up actions.

The Audit Committee looked at the following in 2016 in particular:

- the annual Company and consolidated financial statements for 2015;
- quarterly condensed consolidated financial statements for 2016;
- 2016 Internal Audit program, findings of the year's audit engagements and implementation of recommendations;
- risk management and major risk mapping.

1.2.3.2 Remuneration and Appointments Committee

This Committee is composed of at least three members who are appointed by the Board of Directors on the Chairman's proposal. The Committee designates its own Chairman.

On the date of this report the Remuneration and Appointments Committee was composed of the following members:

- Mr Robert de Metz, Chairman;
- Mr Alexandre Loussert;
- Ms Cécile Moulard;
- Ms Joëlle Obadia;
- Mr Jean-Marc Tassetto.

Therefore, 80% of its members are independent Directors.

The Committee is responsible for proposing appointments to the Board of Directors and to Board committees, and to the offices of Chairman and Chief Executive Officer. It is also kept informed by the Chairman of the Board of other senior executive appointments within the Group. The Committee also advises the Board of Directors on the amount of Directors' fees to be proposed at the General Shareholders' Meeting and on the allocation of these fees between Board members.

The Committee also proposes the remuneration of corporate officers to the Board of Directors and may also, at the Chairman's request, make recommendations on the remuneration of senior executives.

The Remuneration and Appointments Committee met five times in 2016. On average, 88% of the members attended each Committee meeting during the year.

In 2016, the Committee reviewed issues involving the definition of performance targets and the calculation of the variable part of the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer, the composition of the executive management team, its remuneration and long-term incentives, and the composition of the Board of Directors and of the Board committees.

The Committee also devoted several of its meeting to a review of the consequences of the shareholders' negative vote on the "Say on pay" resolutions during the General Shareholders' Meeting of October 19, 2016 and the necessary follow-up.

1.2.3.3 Finance Subcommittee

On the date of this document, the Finance Subcommittee is composed of all of the members of the Board of Directors, with the exception of the board member representing the employees. The board members elected by the General Shareholders' Meeting held on October 19, 2016 joined this subcommittee following their election.

The Finance Subcommittee was set up to look into all of the Group's refinancing opportunities.

The Subcommittee met thirty-two times during 2016. On average, 90% of the members attended each meeting during the year.

The Subcommittee appointed a negotiations committee to pursue the negotiations with the creditors through the ad hoc agent. The members of this negotiations committee were:

- Mr Robert de Metz;
- Mr Jacques-Henri David;
- Mr Alexandre Loussert;
- Mr Arnaud Marion;
- Mr Jean-Pierre Remy.

1.3 Evaluation of the Board of Directors

A procedure for evaluating the Board of Directors' operating procedures is generally carried out each year to ensure that important questions are appropriately prepared, handled and debated at Board meetings, and to assess progress relative to the previous year's assessment.

As an exception, this evaluation was not performed in 2016, given the changes in the composition of the Board of Directors during this year.

This evaluation will be performed in 2017.

1.4 Limitation of the Chief Executive Officer's powers

Without prejudice to the powers expressly granted by law to shareholder meetings and to the Board of Directors and within the limits of the corporate purpose, the Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year that indicates the Group's operational guidelines over the medium term and includes projections for the Group's key operational and financial indicators and a proposed annual budget;

(ii) the following decisions must be approved in advance by the Board of Directors:

- the annual budget and any significant changes thereto,
- the annual and three-year business plans,
- the acquisition or disposal of a business by SoLocal Group or a subsidiary that is not included in the annual budget, the total amount of which, including all liabilities and off-balance sheet commitments exceeds 10 million euros,

- any investment in or divestment of fixed assets that is not included in the annual budget, the total amount of which, including all liabilities and off-balance sheet commitments exceeds 10 million euros,
- the modification of the employment contract or the hiring/appointment or dismissal/removal from office of SoLocal Group's Chief Financial Officer. Although the modification of the employment contract or the hiring/appointment or dismissal/removal from office of any other SoLocal Group executive officer whose total gross annual remuneration exceeds 200,000 euros will not require the Board of Directors' prior approval, it will require the prior approval of the Remuneration and Appointments Committee,
- any increase in the total indebtedness of SoLocal Group or of a subsidiary that exceeds the amount authorized under the financing or loan agreements previously authorized by SoLocal Group's Board of Directors,
- any agreement to form a joint-venture with a third party that is not included in the annual budget and which would result in a commitment that exceeds 10 million euros over the term of the joint-venture for SoLocal Group or a subsidiary,
- any decision to have the securities of SoLocal Group or a subsidiary listed on a regulated exchange and any subsequent action to have additional SoLocal Group or subsidiary securities listed if already listed on a regulated exchange,
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorized by the Board of Directors),
- the acquisition or subscription, by SoLocal Group or by a subsidiary, of shares, other equity securities or securities giving access to the capital of (i) any company the value of which, including all liabilities and other off-balance sheet commitments, exceeds 10 million euros, provided that the liability of SoLocal Group or its subsidiary is limited and the transaction is not already included in the annual budget, or (ii) any company irrespective of the amount invested if SoLocal Group or its subsidiary is acting as an unlimited liability partner in such a company,
- any diversification of the business activities of SoLocal Group or of a subsidiary that is unrelated to previous business activities, or any diversification that is related to previous business activities but is not included in the annual budget and involves a financial commitment that exceeds 10 million euros,
- any sale, transfer or termination of a major business activity of SoLocal Group or of a subsidiary that is not included in the annual budget or the three-year business plan,
- any incentive plan (as defined under French labor law or the labor law of another country, with the exception of a mandatory or standard voluntary profit-sharing plan) to be implemented in SoLocal Group or within a subsidiary, or any measure that encourages employees to directly or indirectly acquire shares in SoLocal Group or a subsidiary,
- any authorization or instruction given to a SoLocal Group subsidiary to examine or undertake any of the transactions referred to in this appendix,
- any agreement that is not included in the annual budget and which would involve payments or the supply of goods or services by SoLocal Group or by a subsidiary the annual value of which exceeds 10 million euros,
- any decision relating to plans for the merger or demerger of a SoLocal Group subsidiary, the spin-off of the assets of a SoLocal Group subsidiary, or a long-term agreement to manage a SoLocal Group subsidiary, that is not included in the annual budget or the three-year business plan, excluding internal reorganization that has no material impact on SoLocal Group's position,
- any transfer or assignment to provide collateral, any decision to grant a pledge or other security interest by SoLocal Group or by a subsidiary to meet debts or honor guarantees to third parties that are not included in the annual budget and of which the total value exceeds 10 million euros,
- any loans made by SoLocal Group or by a subsidiary that are not included in the annual budget the cumulative amounts of which exceed 5 million euros.

1.5 Shareholder access, participation and voting at General Shareholders' Meetings

Information on shareholder access, participation and voting at General Shareholders' Meetings is provided in Articles 11 and 26 to 32 of the Company's Articles of Association and in section 21.2.2 of the Reference Document.

1.6 Disclosure of the share capital structure and of information that may be relevant in the event of a public offering

Information on the share capital is provided in section 21.1 of the Reference Document.

1.7 The Chairman of the Board's remuneration

On November 5, 2014, the Board of Directors decided that for his duties as Chairman of the Board of Directors, Robert de Metz would receive total remuneration of 90,000 euros.

1.8 The Chief Executive Officer's remuneration

1.8.1 Fixed remuneration

At its meeting of December 11, 2012, the Board of Directors set Mr Jean-Pierre Remy's gross annual remuneration, for a period of twelve months, at 520,000 euros.

1.8.2 Calculation of variable remuneration

At its meeting of February 10, 2016, the Board of Directors set forth the rules for calculating the variable share of the Chief Executive Officer's remuneration, on the recommendation of the Remuneration and Appointments Committee.

In 2016, the Chief Executive Officer was eligible for a variable share of 100% of the annual fixed remuneration, with performance target achievement ranging from 0% to 200%, based:

- 80% on a target common to all of the members of the Executive Committee and the Executives of the Group ranging from 0 to 200%;
- 20% on a personal target ranging from 0 to 200%.

1.8.3 Severance payment

As Jean-Pierre Remy has no employment contract, the Board of Directors approved a severance payment in the event he is forced to leave the Company due to a change in the control or strategy of the Company or in the implementation of its strategy (and whatever the form of his departure: dismissal, non-renewal or resignation), on the condition that Jean-Pierre Remy has achieved on average at least 80% of his annual targets over his last three years in office.

This severance will be paid only after the Board of Directors is satisfied that the above performance condition has been met.

1.8.4 Non-competition clause and corresponding compensation

A non-competition obligation will come into effect if Mr Jean-Pierre Remy ceases to be Chief Executive Officer for any reason and in any way whatsoever. This obligation would be limited to a period of 24 months as of the date he ceases to perform his duties and shall be valid throughout France. The corresponding severance pay would be equal to twelve months of remuneration at the average monthly rate of the total gross remuneration over the last twelve months of his term of office. One-fourth of the total amount of this compensation would be paid to Mr Jean-Pierre Remy at the end of each six-month period. The Company will have the option of releasing Mr Jean-Pierre Remy from this non-competition clause by informing him of its decision no more than 15 calendar days following the Board of Directors meeting that established or decided on the end of Jean-Pierre Remy's term of office as the Company's Chief Executive Officer.

The combined total of the severance payment and the non-competition compensation may not exceed two years of fixed and variable remuneration.

1.8.5 Retirement

Regarding the supplementary retirement scheme consisting of (i) a PERCO (collective retirement savings plan) with a matching employer contribution set up in 2007 for all employees of the Group's French subsidiaries and (ii) a supplementary defined-contribution retirement plan available to all Group subsidiary management staff as of January 1, 2008, Jean-Pierre Remy is not entitled to participate in the PERCO plan.

However, SoLocal Group's Board of Directors has approved, pursuant to Article L. 225-38 of the French Commercial Code, the provision that enables Jean-Pierre Remy to participate in the supplementary retirement plan (Article 83 of the French General Tax Code) under the same conditions as other contributors to this plan.

For the record, Jean-Pierre Remy is enrolled in the Company's retirement and pension plans under the same conditions as other Group employees.

The above rules comply with the provisions of the AFEP-MEDEF Corporate Governance Code.

1.9 Calculation of the Deputy Chief Executive Officer's remuneration

1.9.1 Fixed remuneration

The fixed amount of Christophe Pingard's gross annual all-inclusive remuneration is set at 370,000 euros.

1.9.2 Calculationof variable remuneration

During its meeting of February 10, 2016, at the proposal of the Remuneration and Appointments Committee, the Board of Directors determined the rules for calculating the variable portion of the Deputy Chief Executive Officer's remuneration.

In 2016, the Deputy Chief Executive Officer was eligible for a variable share of 60% of the annual fixed remuneration, with performance target achievement ranging from 0% to 120%, based:

- 80% on a target common to all of the members of the Executive Committee and the Executives of the Group ranging from 0 to 200%;
- 20% on a personal target ranging from 0 to 200%.

1.9.3 Severance payment

As Christophe Pingard has no employment contract, the Board of Directors approved a severance payment in the event he is forced to leave the Company due to a change in the control or strategy of the Company or in the implementation of its strategy (whatever form his departure takes: dismissal, non-renewal or resignation), on the condition that Christophe Pingard has achieved on average at least 80% of his annual targets over his last three years in office. This severance will be paid only after the Board of Directors is satisfied that the above performance condition has been met. The amount of this payment would be equal to 12 months' remuneration calculated on the monthly average of the total gross remuneration for the last 12 months of activity preceding the date his duties end.

1.9.4 Non-competition clause and corresponding compensation

A non-competition obligation will come into effect if Mr Christophe Pingard ceases to be Deputy Chief Executive Officer for any reason and in any way whatsoever. This obligation would be limited to a period of 24 months as of the date he ceases to perform his duties and shall be valid throughout France. The corresponding severance pay would be equal, based on a non-competition period of 24 months, to twelve months of remuneration at the average monthly rate of the total gross remuneration over the last twelve months of his term of office. One-fourth of the total amount of this compensation would be paid to Mr Christophe Pingard at the end of each six-month period. The Company will have the option of releasing Mr Christophe Pingard from this non-competition clause (in which case it will not be required to pay the corresponding compensation).

The combined total of the severance payment and the non-competition compensation may not exceed two years of fixed and variable remuneration.

1.9.5 Retirement

Regarding the supplementary retirement scheme consisting of (i) a PERCO (collective retirement savings plan) with a matching employer contribution set up in 2007 for all employees of the Group's French subsidiaries and (ii) a supplementary defined-contribution retirement plan available to all Group subsidiary management staff as of January 1, 2008, Christophe Pingard is not entitled to participate in the PERCO plan.

However, SoLocal Group's Board of Directors has approved, pursuant to Article L. 225-38 of the French Commercial Code, the provision that enables Christophe Pingard to participate in the supplementary retirement plan (Article 83 of the French General Tax Code) under the same conditions as other contributors to this plan.

For the record, Christophe Pingard is enrolled in the Company's retirement and pension plans under the same conditions as other Group employees.

The above rules comply with the provisions of the AFEP-MEDEF Corporate Governance Code.

2. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT AT SOLOCAL GROUP

2.1 Internal control and risk management guidelines, objectives and scope

2.1.1 Internal control and risk management guidelines

In order to achieve its objectives, SoLocal Group has set forth and implemented general guidelines for internal control that are largely based on the guidance published in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the AMF's internal control framework and recommendations. The following description of SoLocal Group's internal control and risk management procedures is based on this framework. The assessment made for this purpose was carried out in accordance with the key points of this framework and its implementation guidance. It also takes into account the work of IFACI, the French Internal Control and Audit Institute.

2.1.2 Internal control definition and objectives

Internal control at SoLocal Group is a set of processes and measures that are defined by senior management and implemented by employees and which serve to meet the following objectives:

- compliance with the applicable laws and regulations in force, both within and outside SoLocal Group;
- observance of the Board of Directors' instructions and guidelines;
- prevention and control of operational risks, financial risks and the risk of error and fraud;
- optimization of internal processes by ensuring that operations are effective and that resources are used efficiently;
- the quality and fair presentation of accounting, financial and management information.

These principles are underpinned by:

- a policy that fosters the development of an internal control culture and the principles of integrity;
- the identification and analysis of risk factors that could compromise the achievement of the Group's objectives;
- an organization and procedures designed to ensure that senior management's strategies are implemented;
- periodic review of control activities and a continuous effort to improve;
- a process for distributing internal control information.

However, as with any control system, the rules and principles implemented cannot provide absolute assurance that all risks will be eliminated or controlled.

2.1.3 The internal control scope

The procedures described below apply to all SoLocal Group subsidiaries.

The internal control measures employed within each entity (i.e. department or subsidiary) involve implementing the Group's procedures and specifying and implementing procedures that are specific to each business line, in accordance with the entity's organization, culture, risk factors and operational characteristics.

2.2 The internal control environment

2.2.1 Rules of conduct and ethics applying to all employees

SoLocal Group's growth is underpinned by the values and principles of its Professional Ethics Charter. These values and principles are intended to serve the interests of our customers, shareholders and employees and the communities and countries where we do business, while protecting the environment and the needs of future generations.

Our Professional Ethics Charter is aligned with such fundamental and universal principles as those of the Universal Declaration of Human Rights, those set forth in International Labor Organization agreements (in particular regarding the prevention of child and forced labor) and those of the OECD (and most notably efforts to fight corruption); and addresses our commitments also in other areas, such as sustainable development. These values and principles guide the actions of SoLocal Group and its subsidiaries and provide a framework for all employees regardless of their job or duties. It is thus everyone's responsibility, and especially that of Group and subsidiary senior managers, to observe and promote these values and implement these principles.

These rules, which are presented on the SoLocal Group website at www.solocalgroup.com and on its intranet, cover the following:

- the Group's values;
- the principles that underlie Group actions that may affect customers, shareholders, employees, suppliers, competitors or the environment;
- the principles that guide individual behavior and which serve to ensure good relationships with customers and suppliers, protect Group assets, compliance with Group rules and values, prevent conflicts of interest and ensure ethnical stock trading.

In addition to the Professional Ethics Charter, a Securities Trading Code of Conduct has also been drafted to deal specifically with stock-trading issues.

It informs the employees and directors of Group companies of the rules that govern the trading of securities, of the need to comply scrupulously with these rules, and of the various preventive measures that SoLocal Group has implemented to enable all employees to invest securely in the listed securities of Group companies.

To reduce the risk of improper trading, SoLocal Group has all of its employees whose work involves sensitive information sign a confidentiality agreement, particularly when they work with people outside of the Group who may not be bound to a confidentiality obligation under their own rules of professional ethics.

Accordingly, any permanent or occasional insider who has doubts or questions about selling or purchasing the securities of a Group company, or about the nature of the information that he or she can disclose, must consult his or her manager or the Chairman of the Group's Ethics Committee, or if applicable the Ethics Committee of their specific company. If they are a Board member, they must contact the Chairman of the Board.

2.2.2 Senior management's responsibility and commitment

SoLocal Group has set up a Risk Management Policy that includes a guidance memo that specifies senior management's commitments. This policy is reviewed twice yearly with the Group's subsidiaries and departments. The Group's Risk and Security Committee monitors and compiles updates to risk assessments and the actions taken and reports this information to senior management's Executive Committee at least once a year.

A Business Unit Risk and Security correspondent is appointed in each Group subsidiary and department. The work of these correspondents is coordinated by a Division Coordinator who reports all substantial matters involving risks, security and internal control directly to a member of the Group's Executive Committee, and also by the Auditing, Risks and Internal Control Department reporting directly to senior management.

2.2.3 Human resources and skills management policy

SoLocal Group's performance depends directly on the skills of its employees and on its ability to manage and adapt its human resources. Our Human Resources Department works in close partnership with our operational departments to develop, provide and manage human resources that will further the company's strategy.

To meet the needs of managers and employees more effectively, the HR Department has been divided into 4 sub-departments: HR Operations, HR Development, Compensations & Benefits, personnel management and the Social Relations sub-department.

The role of the HR Operations Department is to provide HR support to the managers of the divisions and departments within its remit and manage their employees. In addition to a thorough understanding of the Group's business activities, this department must also understand how the division or department is organized and what its objectives are.

The role of the HR Development Department is to define HR policies and improve processes. It deploys the Group's HR policy and resources to the HR Operations Department and to regional and local HR managers in particular, and provides the tools and advice they need to do the best job they can.

Since SoLocal Group is determined to make quality of life in the workplace a priority as it helps its employees learn new working methods and adapt to changes in their jobs, our priority since 2015 has been to take action in response to specific situations that employees encountered during our digital transformation. These actions are described in detail in Chapter 8 of the Reference Document.

2.2.4 Information system

SoLocal Group's various information systems are composed of:

- business activity software: e.g. for creating and storing digital content and dedicated website tools;
- business management software: e.g. accounting and financial applications;
- communication software: messaging systems, collaborative tools (Intranet), etc.;
- risk management software, with specific modules for risks, security, crisis management, business continuity plans (BCP) and auditing.

The Business Solutions Department (which manages information systems) and the technical services of the Products Department are largely responsible for supervising the Group's information systems and in particular for ensuring that they will enable the Group to achieve its long-term objectives. They work closely with the Audit, Risks and Internal Control Department, which monitors and manages IT risks to reliability, business continuity, legal and regulatory compliance as well as operational objectives. Risk control and IT security actions are monitored quarterly by the BU Risk and Security Correspondents and are reviewed every six months by the risk manager and the relevant department.

2.3 Risk monitoring and management

2.3.1 Organizational framework

Like any company, SoLocal Group's business activities expose it to various risks. The main risks that have been identified are described in Chapter 4 **"Risk factors"** of this Reference Document. Risk management is a priority and is conducted both by subsidiaries and the parent company, which compiles information.

Risk management serves to:

- develop a comprehensive, systematic, integrated and flexible method for identifying, assessing, analyzing and managing risks and for promoting risk control;
- develop risk management best practices;
- prevent risks that threaten the Company and mitigate their consequences.

The Risk Management Policy applies to all SoLocal Group entities. The Group has set up a risk governance system in a department that reports directly to the Chief Executive Officer. This system is composed of a Risk Manager and a network of BU correspondents.

2.3.2 Risk identification and analysis process

Below is a list of some of the many procedures, the Group employs to identify risk. They cover the following in particular:

- a risk assessment and classification method that was deployed in 2005.

  This method involves a risk mapping approach that ranks the main risks to which the Group believes, it may be exposed, in terms of their seriousness and likelihood of occurrence, and assesses the level of coverage;
- risk and security reviews, which are conducted at least annually;
- a network of coordinators who oversee the implementation of the risk and security policy and which is supervised by a dedicated governance unit;
- a risk and security management information system that includes the description and monitoring of risk-management actions. This system also includes risk and security management dashboards, a crisis management process and business continuity plans (BCP).

2.4 Internal audit and control

The first level of control is the one exercised by the functional and operational departments using standard procedures and processes. SoLocal Group has set up three levels of risk management and control: **operational management, risk management and internal control, and internal auditing.** The objective in implementing these systems is to harmoniously combine regulatory measures (instructions and directives), organizational measures (organizational charts and processes) and technical measures (mostly IT and communication) in accordance with certain basic principles:

- these systems provide the Group's management and its Board of Directors with reasonable and not absolute assurance;
- these systems are not simply a collection of manuals and procedures but are implemented by employees at all levels of the organization.

2.4.1 Internal audit

The Internal Audit team ensures that the internal control system is mature and appropriate by evaluating its effectiveness and efficiency, while promoting continuous improvement. On the basis of a risks assessment, the Internal Audit team evaluates the system's relevance and effectiveness by assessing the quality of the Group's control environment, the work of internal governance bodies, the reliability and integrity of financial and operational information, operational effectiveness and efficiency, asset protection, and legal, regulatory and contractual compliance.

SoLocal Group's Internal Audit team is responsible for conducting the engagements specified in the audit plan at the beginning of the year. It reports directly to Group Management while being supervised by the Audit Committee from a functional standpoint.

Internal Audit staff perform three types of audits:

- on the compliance and effectiveness of processes and activities;
- on the maturity of French and foreign subsidiary Internal Control systems (excluding PagesJaunes SA and the SoLocal Group);
- on the compliance or performance of specific themes selected by the Audit Committee.

Scheduled operational security compliance audits are also conducted and followed up.

2.4.2 Internal control

The internal control system is composed of the various policies and procedures that an entity's management has implemented to provide the greatest possible assurance that its business activities are being managed effectively. By deploying controls, identifying any corrective actions that may be necessary and making sure that recommendations are observed, the internal control system ensures that these policies and procedures are effective and properly implemented.

The internal control system involves all SoLocal Group governance bodies and employees.

The organization of internal control requires centralized supervision and leadership that is supported by a network of correspondents in the various departments and entities.

The Internal Control Charter approved by SoLocal Group's Chief Executive Officer sets forth the guidelines that all entities must observe with respect to internal control.

The Charter:

- specifies the scope, objectives and limits of SoLocal Group's internal control system;
- indicates the people who are responsible for the system;
- specifies the internal control standards and guidelines to be observed throughout the Group.

2.4.3 The contribution of the statutory auditors

The work of the Statutory Auditors includes a limited interim Group level review and, toward the end of the year, a pre-closing review followed by a full audit of accounts at December 31. They also perform limited reviews on the internal auditing systems of the Group's main subsidiaries, in accordance with an audit plan submitted to the Audit Committee's Internal Audit unit. The main recommendations are presented to the Financial Departments and to the Audit Committee.

Efforts to continuously improve processes and standards serve to enhance operational control, effectiveness and efficiency.

2.5 Internal control procedures on the preparation and processing of accounting and financial information

SoLocal Group's Finance Department is responsible for preparing accounting and financial information.

To increase the reliability of published accounting and financial information, various committees, rules, procedures, controls, a skills management policy, and a continuous process to improve procedures have been implemented.

Specific internal control procedures on accounting and financial information have thus been set up via:

- the Financial Information Committee;
- the Group's financial and management accounting organization;
- a unified financial and management accounting reporting process;
- Group-wide accounting methods and standards;
- the scheduling of year-end closure work of Group accounts;
- the financial communication process.

2.5.1 The Financial Information Committee

The preparation and control of financial information are organized in a manner that is consistent with SoLocal Group's management organization and systeMs To improve the quality and reliability of financial information, a system for managing and monitoring financial information based essentially on the work of the Financial Information Committee, has been set up. The Committee is responsible for ensuring the integrity, accuracy, quality and consistency of SoLocal Group's financial information and that this information complies with legal and regulatory requirements and professional standards.

The Committee reviews all financial information that must be publicly disclosed, prior to examination by the Audit Committee and the Board of Directors. This review covers, among other things, press releases containing financial information and presentations to financial analysts.

The Committee is involved in Group procedures for preparing and validating financial information. It is chaired by the Group's CEO and CFO and is composed of management staff with expertise in financial performance and communication.

The Committee was established in July 2004 and met six times in 2016.

2.5.2 Accounting and management control

The Operational Finance Department, the Financial Performance Management Control department and the Corporate Finance Department perform essential tasks to ensure that SoLocal Group's financial information is consistent. These departments report to the Group's Chief Financial Officer.

These tasks include:

- preparing SoLocal Group company and consolidated financial statements within the time constraints of financial markets, legal and regulatory requirements and contractual obligations;
- managing the budgeting and forecasting process and preparing the monthly management report as quickly as possible, while ensuring that data is consistent;
- preparing the documents necessary to communicate financial results and to enable SoLocal Group's management to prepare its management report;
- designing and implementing SoLocal Group's accounting and management control methods, procedures and standards;
- identifying and overseeing any changes to SoLocal Group's accounting and management information systems that may be necessary.

2.5.3 The unified accounting and management control reporting system

The Group's business management cycle is composed of four basic components:

- the three-year strategic marketing plan;
- the budget process;
- the monthly reporting system;
- business and financial performance reviews.

a. The strategic marketing plan

Each year, SoLocal Group prepares a strategic marketing plan for the coming three years. This plan takes into account the Group's strategic priorities and any changes in market trends, business segments or the competitive environment.

b. The budget process

The budget process covers SoLocal Group and its subsidiaries. It involves the following steps:

- in the fall: each entity updates its budget for the current year and prepares next year's budget, which is broken down month by month;
- in the spring: the initial budget forecast for the year is updated and this updated budget is used to prepare the strategic marketing plan;
- in the summer: the budget for the second half of the year is updated on the basis of the results of the previous six months.

To improve the management and monitoring of performance, an ongoing reforecasting process was implemented in 2007.

c. Monthly reporting system

Monthly reporting is a major component of the financial information and control system. It is the main tool that SoLocal Group's management uses to monitor trends and performance and make decisions going forward. The report comprises several documents that are prepared by the Financial Performance and Operational Finance Departments and communicated to the management of SoLocal Group.

Monthly reporting includes quantified data, commentary on trends and performance indicators.

The Financial Performance and Operational Finance Departments use a consolidation tool to ensure that budgeted figures, actual figures and forecasts are reported in a consistent and uniform manner.

d. Business and financial performance reviews

Quarterly business performance reviews with all subsidiary senior managers and monthly financial reviews with Financial Departments are a key component of SoLocal Group's management and control system. Their main objective is to ensure that the actions undertaken are consistent with Group priorities and long-term goals.

In 2016, the scope of these reviews was adapted to the new "Product-Line" based organization set up in 2015.

2.5.4 Common group accounting methods and framework

The Group prepares its provisional and actual consolidated accounts in accordance with the "unification principle". This involves:

- uniform accounting methods, standards and consolidation rules;
- standardized presentation formats;
- the use of a Group-wide consolidation application.

SoLocal Group has a single accounting system that standardizes the reporting of all consolidated items, including off-balance-sheet commitments, and which has been adopted by all of the consolidated Group entities. The Group prepares its consolidated financial statements in compliance with IFRS standards (European Regulation 1606/2002 of July 19, 2002).

The consolidated accounting documents are prepared in accordance with local accounting principles and are restated to comply with Group and IFRS standards. The Group's Finance Department sends out memoranda to specify the year-end closing process and timetable. Each SoLocal Group subsidiary adapts these processes and timetables as necessary.

2.5.5 Scheduling of closure work at Group level

In order to meet accounting deadlines, and enable the Board of Directors to publish consolidated accounts in February, the Group has established a precisely scheduled program of its year-end accounting work. This program includes:

- budget monitoring processes;
- preparation of pre-closing accounts;
- documented closing processes;
- the anticipated treatment of estimates and complex accounting transactions.

The progress that the Group has made in preparing year-end accounts can largely be attributed to greater co-ordination between Group divisions and functions, more accurate forecasts, better control over financial processes, and better preparation and speedier execution of account-closure processes.

2.5.6 Financial communication

Other than the Chief Executive Officer, the only people authorized to communicate financial and strategic information outside of the Group are the Chief Financial Officer, the Financial Performance Officer, the Head of Investor Relations and the Head of External Communication and Press Relations.

SoLocal Group's Finance Department, in collaboration with management control and the Legal Department, is responsible for drawing up the following periodic and permanent information documents and distributing them to regulatory authorities, the financial market authority (the AMF) and other intended recipients:

- periodic financial press releases (quarterly and annual income and earnings) and ad hoc releases (e.g. to announce acquisitions, divestments, financing transactions, changes in governance or a strategic partnership);
- presentations at meetings with financial analysts or investors and press conferences;
- if need be, quarterly financial information;
- semi-annual and annual financial reports;
- the Reference Document;
- presentation for the Annual General Shareholders' Meeting.

These documents are reviewed by the Financial Information Committee (see Section 2.3.1).

SoLocal Group strives to provide information that is easy to understand, relevant and reliable, and to comply with stock market regulations and sound principles of corporate governance.

2.6 Financial risks associated with climate change

The risks associated with the effects of climate change and the measures taken by SoLocal Group to reduce them are presented in the Corporate Social Responsibility report.

2.7 Information and communication

All of the Group's press releases and the major regulatory documents are posted on the Group's intranet, which is accessible to all employees.

Collaborative tools and other applications available on the Group intranet also ensure efficient distribution of information to everyone throughout the Group.

2.8 Outlook

For 2017, SoLocal Group will continue to provide audit, internal control and risk management support to operational entities and to empower them in these areas.

Boulogne-Billancourt, February 2, 2017

Robert de Metz

Chairman of the Board of Directors

16.3.2 Statutory Auditors' report on the Chairman of the Board's report, pursuant to Article L. 225-235 of the French Commercial Code

Financial year ended December 31, 2016

To the Shareholders,

In our capacity as auditors of the company SoLocal Group and pursuant to Article L. 225-235 of the French Commercial Code, we present to you our report on the report drawn up by the Chairman of your Company pursuant to Article L. 225-37 of the French Commercial Code for the financial year ended December 31, 2016.

The Chairman is responsible for preparing and submitting for the approval of the board of directors a report on the internal control and risk management procedures implemented within the company and for providing the other information required by Article L. 225-37 of the French Commercial Code, particularly on the corporate governance procedure.

We are responsible:

- for informing you of our observations on the information contained in the chairman's report on the internal control and risk management procedures relating to the preparation and handling of the accounting and financial information; and
- for certifying that the report contains all the other information required by Article L. 225-37 of the French Commercial Code, it being stipulated that we are not responsible for checking the truthfulness of this other information.

We have carried out our work in accordance with the professional standards of practice applicable in France.

Information on the internal control and risk management procedures relating to the preparation and handling of the accounting and financial information

The professional standards of practice require measures to be taken to assess the truthfulness of the information on the internal control and risk management procedures relating to the preparation and handling of the accounting and financial information contained in the Chairman's report. These measures consist of the following in particular:

- noting the internal control and risk management procedures relating to the preparation and handling of the accounting and financial information underlying the information presented in the chairman's report as well as the existing documentation;
- noting the works allowing such information to be drawn up and the existing documentation;
- determining whether any major deficiencies in the internal control relating to the preparation and handling of the accounting and financial information detected by us within the scope of our task are suitably indicated in the chairman's report.

Based on these works, we have no comments to make on the information concerning the Company's internal control and risk management procedures relating to the preparation and handling of the accounting and financial information contained in the report of the chairman of the board of directors, drawn up pursuant to Article L. 225-37 of the French Commercial Code.

Other information

We certify that the report of the chairman of the board of directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, April 27, 2017

Statutory Auditors

AUDITEX Member of the Ernst & Young Global Limited network	BEAS
Vincent de La Bachelerie	Joël Assayah

17 EMPLOYEES

17.1 Shareholdings, share subscription and options purchase, free share allotments made to each corporate officer and options exercised by officers
17.2 Voluntary and mandatory profit-sharing agreements

17.1 Shareholdings, share subscription and options purchase, free share allotments made to each corporate officer and options exercised by officers

Shareholdings

On the date this document was filed, and to the Company's knowledge, the members of the Board of Directors held the following number of SoLocal Group shares:

Director	Number of shares
Nathalie Balla	1
Jacques-Henri David and related persons	587,223
Sandrine Dufour	2,308
Alexandre Loussert and related persons	45,500
Arnaud Marion and related persons	128,775
Monica Menghini	3,001
Robert de Metz and related persons	637,546
Cécile Moulard	6,055
Joëlle Obadia	200
Jean-Pierre Remy and related persons	334,444
Jean-Marc Tassetto	27,522

Stock options plans

2005 plan

The Company set up a share subscription option plan on June 28, 2005 which, having ended on June 28, 2015, has been cancelled.

2007 plan

The Company implemented a second share subscription option plan on December 20, 2007 involving 2,927,900 options with an exercise price of 14.46 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015), and the capital increase of March 13, 2017), and the same characteristics as the original plan: a term of ten years and full vesting of options after three years.

2009 plan

In 2009, the Company set up three share subscription option plans: on July 23, 2009 involving 1,145,000 options at an exercise price of 6.71 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015 and the capital increase of March 13, 2017), on October 29, 2009 involving 87,000 options at an exercise price of 8.84 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015) and the capital increase of March 13, 2017), on December 17, 2009 involving 75,000 options at an exercise price of 7.821 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015 and the capital increase of March 13, 2017). As with the first plan, these plans all have terms of 10 years and are fully vested after three years.

Concerning the plan of July 23, 2009, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options are subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to the performance obligation that Jean-Pierre Remy achieves his annual targets for 2009, 2010 and 2011. Since the Remuneration Committee granted Jean-Pierre Remy respectively 150%, 130% and 50% of the variable portion of his remuneration for 2009, 2010 and 2011 based on the achievement of his performance targets, the average being 110%, 140,000 options were granted under this plan (9,450 options after adjustments subsequent to the capital increase of June 6, 2014 and the reverse stock split on October 26, 2015).

Jean-Pierre Remy will be required to reinvest in SoLocal Group shares 33% of the net capital gain obtained from the sale of the shares acquired by exercising these options. He must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

2010 plan

In 2010, the Company set up two share subscription option plans: on July 27, 2010 involving 1,336,000 options with an exercise price of 8.58 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015 and the capital increase of March 13, 2017), and on December 16, 2010 involving 166,000 options with an exercise price of 7.09 euros (before adjustments subsequent to the capital increase of June 6, 2014, the reverse stock split on October 26, 2015 and the capital increase of March 13, 2017).

As with the first plan, these plans all have terms of 10 years and are fully vested after three years.

Concerning the plan of July 27, 2010, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options are subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to the performance obligation that Jean-Pierre Remy achieves his annual targets for 2010, 2011 and 2012. Since the Remuneration Committee granted Jean-Pierre Remy respectively 130%, 50% and 65% of the variable portion of his remuneration for 2010, 2011 and 2012 based on the achievement of his performance targets, the average being 81.67%, 114,333 options were granted under this plan (7,717 options after adjustments subsequent to the capital increase of June 6, 2014 and the reverse stock split on October 26, 2015).

Jean-Pierre Remy will be required to reinvest in SoLocal Group shares 33% of the net capital gain obtained from the sale of the shares acquired by exercising these options. He must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

Given the capital increase that was completed on June 6, 2014 (see Chapter 5 of this document) and in accordance with the laws, regulations and rules that govern each of the plans in force, the Board of Directors decided, at its meeting of June 19, 2014, to adjust the terms of the share subscription plans with respect to the option exercise price and the number of shares that may be subscribed by exercising options.

In order to take into account the reverse stock split effected on October 26, 2015, the CEO, using the powers conferred on him by the Board of Directors on July 21, 2015, resolved to adjust the parity for exercise of the options for each individual plan (for plans adopted by the meetings of the Board of Directors on December 20, 2007, July 23, 2009, October 29, 2009, December 17, 2009, July 27, 2010 and December 16, 2010), while retaining a new parity equal to the current parity for exercise of each option multiplied by a ratio of 1/30 (corresponding to the number of shares forming the capital following regrouping divided by the number of shares forming the capital prior to the reverse stock split, taking into account the waiver of regrouping of 23 old shares by one Company shareholder); it being stipulated that (i) for all the options from which each holder benefits under a plan, the result (per beneficiary and per plan) is rounded down to the nearest whole number of new shares and (ii) the other characteristics of the options remain unchanged.

Consequently, any holder of options who could (prior to the adjustment of 2015), by exercising an option, subscribe for one (1) share with a nominal value of 0.20 euro at a specific strike price, may now, by exercising that same option, subscribe to one-thirtieth of a share with a nominal value of 6 euros at the adjusted strike price. In this respect, a holder of options who could (prior to the adjustment of 2015), by exercising all the options he holds under a plan, subscribe for thirty-one (31) shares with a nominal value of 0.20 euro for a total price of 179.40 euros (5.78 euros times 31), may now, by exercising those same options, subscribe for one (1) share with a nominal value of 6 euros for a total price of 173.61 euros.

Considering the capital increase that was completed on March 13, 2017 (see Chapter 5 of this document), and in accordance with the law and the regulations of each of the option plans in force (allotment by the Boards of Directors during its meetings of December 20, 2007, July 23, 2009, October 29, 2009, December 17, 2009, July 27, 2010 and December 16, 2010), in order to take into account (i) the issue of new shares with retention of the pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, during its meeting of April 24, 2017, to adjust the terms of the subscription option plans in force with respect to both the exercise price of the options and the number of options held by each option holder.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE SHARE ISSUER AND BY ANY GROUP COMPANY

Name of executive corporate officer	Plan No. and date	Type of option (purchase or subscription)	Valuation of options according to the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Robert de Metz	–	–	–	–	–	–
Jean-Pierre Remy	–	–	–	–	–	–
Christophe Pingard	–	–	–	–	–	–
TOTAL						

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE CORPORATE OFFICER

Name of executive corporate officer	Plan no. and date	Number of options exercised during the year	Exercise price
Robert de Metz	–	–	–
Jean-Pierre Remy	July 23, 2009	None	–
	July 27, 2010	None	–
Christophe Pingard	–	–	–
TOTAL			

In accordance with Article L. 225-184 of the French Commercial Code, the options for Company shares granted and exercised during the 2016 financial year were as follows:

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO AND EXERCISED BY THE TEN TOP EMPLOYEES WHO ARE NOT CORPORATE OFFICERS

Share subscription or purchase options granted to and exercised by the ten employees who are not corporate officers in 2016	Total number of options granted/shares subscribed or purchased	Average weighted price
Options granted during the year by the issuer and by the companies included in the stock option plan, to the ten employees of the issuer or of the said companies who received the most options (general information)	None	–
Options held in the issuer and in the aforementioned companies that were exercised during the year by the ten employees of the issuer or of the said companies who exercised the most options (general information)	None	–

History of share subscription or purchase options grants

INFORMATION CONCERNING OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES(1)

Date of Shareholders' Meeting	April 12, 2005	June 11, 2009	June 11, 2009	June 11, 2009	June 11, 2009	June 11, 2009
Date of Board of Directors meeting and name of plan	December 20, 2007	July 23, 2009	October 29, 2009	December 17, 2009	July 27, 2010	December 16, 2010
Total number of shares that can be subscribed or purchased at December 31, 2015	139,550	46,976	1,147	5,062	56,050	5,736
of which the number available for	–	–	–	–	–	–
subscription by corporate officers	–	–	–	–	–	–
Jean-Pierre Remy	–	9,450	–	–	7,717	–
Christophe Pingard	–	–	–	–	–	–
Joëlle Obadia	215	–	–	–	–	–
Start date for option exercise/share vesting	December 20, 2010	July 23, 2012	October 29, 2012	December 17, 2012	July 27, 2013	December 16, 2013
Expiration date	December 20, 2017	July 23, 2019	October 29, 2019	December 17, 2019	July 27, 2020	December 16, 2020
Subscription or purchase price	214.20 euros	99.39 euros	130.98 euros	115.86 euros	127.20 euros	105.09 euros
Terms of exercise (if plan comprises multiple tranches)	–	–	–	–	–	–
Number of shares subscribed	0	0	0	0	0	0
Total number of cancelled or lapsed share subscription or purchase options	12,770	6,479	1,147	2,362	12,193	–
Number of share subscription or purchase options remaining at the end of financial year 2016	126,780	40,497	0	2,700	43,857	5,736

(1) Prior to adjustment decided by the Board of Directors during its meeting on April 24, 2017 (considering the capital increase that was completed on March 13, 2017, and in accordance with the law and the regulations of each of the plans in force, in order to take into account (i) the issue of new shares with retention of the pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, during its meeting on April 24, 2017, to adjust the terms of the option subscription plans in force with respect to both the exercise price of the options and the number of options held by each option holder).

No other Board member holds share subscription or purchase options granted by SoLocal Group.

Granting of performance shares

2006 and 2008 plans

The Extraordinary General Shareholders' Meeting of April 19, 2006 authorized the Board of Directors to introduce a performance share plan pursuant to Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, for the benefit of certain Group senior executives and employees as incentive toward the Company's development. This authorization was granted for a period of 38 months with the total allotment of free shares being limited to 0.5% of the Company's capital as of the date of the aforementioned shareholders' meeting, *i.e.* to 1,393,948 shares.

The Board of Directors set forth the terms of the first share allotment plan on May 30, 2006. This plan resulted in an initial allotment of 602,361 shares to 591 Group employees on May 30, 2006. Since the performance targets were not met, the beneficiaries were not entitled to receive these free shares.

A second free share plan, approved on November 20, 2006, resulted in the allotment of 778,638 shares to 611 Group employees. Given that the performance targets were not met in one of the two relevant years, only 50% of these shares were vested as of November 20, 2008.

A third plan, approved on February 14, 2008, resulted in the allotment of 12,940 shares to 15 Group employees. Since the performance targets were not met, the beneficiaries were not entitled to receive these free shares.

2011, 2012 and 2013 plans

SoLocal Group shareholders, at the Combined Shareholders' Meeting of June 7, 2011, authorized the Board of Directors to implement a performance share allotment plan pursuant to Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, for the benefit of certain senior executives and employees of SoLocal Group and affiliated companies.

This plan resulted in the initial allotment of 1,226,000 shares to 41 Group employees on October 26, 2011, including 140,000 shares to Jean-Pierre Remy. A second share allotment plan approved on December 16, 2011 resulted in the allotment of 84,000 shares to three Group employees including 60,000 shares to Christophe Pingard. Since only some of the performance targets of these two plans were met, approximately 45% of these shares were vested on March 31, 2014 (*i.e.*, concerning Jean-Pierre Remy and Christophe Pingard, the equivalent of 1,969 and 844 new shares respectively).

A third share allotment plan was adopted on December 11, 2012 and resulted in the allotment of 2,624,000 shares to 47 beneficiaries (including 300,000 shares to Jean-Pierre Remy and 150,000 shares to Christophe Pingard). A new allotment plan was adopted on December 11, 2013 and resulted in the allotment of 280,000 shares to 10 beneficiaries. At its meeting of June 19, 2014, the Board of Directors decided to adjust the allotment of the performance shares allotted under the plans approved on December 11, 2012 and December 11, 2013 to account for the effect of the capital increase with maintenance of pre-emptive subscription rights. Since only some of the performance targets, concerning the change in revenues and in the GOM in 2013 and 2014, of these two plans were met, approximately 70.7% of these shares were vested. This rate corresponds to the achievement of 74.6% of the performance targets concerning the change in revenues (weighted at 2/3) and of 63.0% of the performance targets concerning the change in the GOM (weighted at 1/3). Thus on March 31, 2015, in connection with the now closed plan of December 11, 2012, Jean-Pierre Remy and Christophe Pingard acquired 25,270 shares (758,100 shares before the reverse stock split on October 26, 2015) and 12,635 shares (379,050 shares before the reverse stock split on October 26, 2015) respectively.

2014 and 2015 plans

SoLocal Group shareholders, at an Extraordinary Meeting on April 29, 2014, authorized the Board of Directors to implement a performance share plan pursuant to Articles L. 225-197-1 and subsequent of the French Commercial Code, for the benefit of certain senior executives and employees of SoLocal Group and affiliated companies.

On June 19, 2014, this plan resulted in the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was approved on February 9, 2015 and resulted in the allotment of 2,305,000 shares to 12 Group employees.

The CEO, using the powers conferred on him by the Company's Board of Directors at its meeting on July 21, 2015, resolved, by decisions taken on October 26, 2015, to adjust the number of performance shares allotted in December 2013, June 2014 and February 2015 to take into account the reverse stock split according to the following procedure: adjustment of the number with reference to the parity adopted for the regrouping of shares, *i.e.*, for each allottee of performance shares, by applying a un ratio of 1/30 (corresponding to the number of shares forming the capital following regrouping divided by the number of shares forming the capital prior to regrouping but taking into account the waiver of regrouping of 23 old shares by one Company shareholder) to the number of performance shares to which the holder would have been entitled in the absence of an adjustment; it being stipulated that (i) the result (per beneficiary and per plan) is rounded down to the nearest whole number of shares and (ii) the other characteristics of the performance shares remain unchanged.

Consequently, a beneficiary of performance shares who (prior to the adjustment of 2015), under a plan, is entitled to thirty-one (31) performance shares with a nominal value of 0.20 euro each will now be entitled to one (1) share with a nominal value of 6 euros under that same plan.

Considering the capital increase that was completed on March 13, 2017 (see Chapter 5 of this document) and in accordance with the rules of the allotment plans still in vesting period (allotment by the Board of Directors during its meetings of June 19, 2014 and February 9, 2015), in order to take into account (i) the issue of new shares with retention of shareholders' pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, during its meeting of April 24, 2017, to adjust the terms of the performance share allotment plans with respect to the number of performance shares to be allotted to each allottee.

PERFORMANCE SHARES ALLOTTED TO EACH CORPORATE OFFICER

Performance shares allotted at the General Shareholders' Meeting during the year to each corporate officer by the issuer or a Group company (list of names)	Plan No. and date	Number of shares allotted during the year	Valuation of shares according to method applied for the consolidated accounts	Vesting date	End of lock-up period	Performance target
Jean-Pierre Remy	-	-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-

PERFORMANCE SHARES RELEASED FROM LOCK-UP DURING THE FINANCIAL YEAR FOR EACH CORPORATE OFFICER

Performance shares that can be sold by each corporate officer	Plan date	Number of shares released from lock-up during the year	Vesting terms
Jean-Pierre Remy	October 26, 2011	None	GOM
	December 11, 2012	None	Revenues and GOM
	June 19, 2014	None	Organic annual revenue growth
Christophe Pingard	December 16, 2011	None	GOM
	December 11, 2012	None	Revenues and GOM
	June 19, 2014	None	Organic annual revenue growth
TOTAL			

Jean-Pierre Remy and Christophe Pingard must hold in registered form 33% of the performance shares allotted in 2011, 25% of the performance shares awarded in 2012 (while accounting for changes in taxation between the two years) and 25% of the performance shares granted in 2014 until the end of their terms of office.

	SoLocal Group plan
Number of performance shares allotted to the nine employees who are not corporate officers and who were allotted the most shares	
	None

History of performance share allotments(1)

INFORMATION ON SHARE PERFORMANCE(2)

Date of Shareholders' Meeting	June 7, 2011	April 29, 2014	April 29, 2014
Date of Board of Directors meeting and name of plan	December 11, 2013	June 19, 2014	February 9, 2015
Total number of shares allotted (balance as of December 31, 2015)	23,580	1,385,030	69,996
of which number allocated to company representatives:			
Jean-Pierre Remy	-	*290,000(3)*	-
Christophe Pingard	-	*128,333(4)*	-
Joëlle Obadia	-	-	-
Share acquisition date	March 31, 2016	June 19, 2016(5) June 19, 2017 June 19, 2018	February 9, 2017 February 9, 2018 February 9, 2019
End date of holding period	March 31, 2018	June 19, 2018 June 19, 2019 June 19, 2020	February 9, 2019 February 9, 2020 February 9, 2021
Performance targets	Total revenues and GOM	Organic annual revenue growth	Organic annual revenue growth
Number of shares acquired	20,212	-	-
Number of shares cancelled or lapsed	3,368	81,833	-
Performance shares remaining at year end	0	1,303,197	69,995

(1) Plans vesting in 2016.

(2) Before adjustment decided by the Board of Directors during its meeting on April 24, 2017 (considering the capital increase that was completed on March 13, 2017, and in accordance with the regulations of the allotment plans still in vesting period (allotment by the Board of Directors during its meetings of June 19, 2014 and February 9, 2015), in order to take into account (i) the issue of new shares with retention of the shareholders pre-emptive subscription rights and (ii) the allotment of free shares, the Board of Directors decided, during its meeting of April 24, 2017, to adjust the terms of the performance share allotment plans with respect to the number of performance shares to be allotted to each allottee.

(3) During their Extraordinary General Shareholders' Meeting on April 29, 2014, the shareholders of SoLocal Group authorized the Board of Directors to implement a performance share allotment plan that gave rise, on June 19, 2014, to the allotment to Jean-Pierre Remy of (i) 140,000 performance shares (after the reverse stock split of October 26, 2015) for the three years 2014/2016 subject to the target of a growth in revenues greater than 0% (the shares will vest by thirds in 2016, 2017 and 2018) and (ii) 150,000 performance shares (after the reverse stock split of October 26, 2015) subject to the target of a growth in revenues greater than 3% (CAGR) (the shares will vest in 4 years, in 2018).

(4) During their Extraordinary General Meeting on April 29, 2014, the shareholders of SoLocal Group authorized the Board of Directors to implement a performance share allotment plan that gave rise, on June 19, 2014, to the allotment to Christophe Pingard of (i) 70,000 performance shares (after the reverse stock split of October 26, 2015) for the three years 2014/2016 subject to the target of a growth in revenues greater than 0% (the shares will vest by thirds in 2016, 2017 and 2018) and (ii) 58,333 performance shares (after the reverse stock split of October 26, 2015), subject to the target of a growth in revenues greater than 3% (CAGR) (the shares will vest in 4 years, in 2018).

(5) Since lot No. 1 was not allotted in 2016 because the performance target for lot No. 1 was not achieved, on June 19, 2017, the beneficiaries will be able to acquire all or part of the performance shares of lot No. 1 provided that they achieve a performance target for a subsequent year.

The exercise of all 219,570 share subscription options allotted and of all 1,373,193 shares allotted free of charge could lead to the creation of 1,592,763 new shares. The total number of shares forming the share capital would thus increase from 38,876,564 to 40,469,327, i.e., a maximum potential dilution of 3.94%. As of December 31, 2016, 352,011 shares were still unallotted but authorized for allotment by the SoLocal Group's General Shareholders' Meeting. Taking the latter into account but neutralizing the 219,570 share subscription options that are all out of the money, the maximum potential dilution could be 4.25%.

17.2 Voluntary and mandatory profit-sharing agreements

Participation

The Group signed a mandatory profit-sharing agreement on June 26, 2006 with five trade unions (CFE/CGC, CFDT, FO, CGT and the independent PagesJaunes union). This agreement covers the Group's French companies in which the Company's interest exceeds 50%. Clic Rdv and Fine Media joined the Group plan with effect from January 1, 2011, and Chronoresto with effect from January 1, 2013, Retail Explorer, and Leadformance with effect from January 1, 2014 and Netvendeur with effect from October 1, 2014. The Group's special mandatory profit-sharing reserve is the total of the special profit-sharing reserves of each participating subsidiary, which are calculated using a specific formula.

The special mandatory profit-sharing reserve is allocated to the beneficiaries as follows: 30% in proportion to length of service and 70% in proportion to gross annual salary. Individual allocations will be invested in the Group Savings Plan and locked in for five years in the case where the beneficiaries choose investment (option of receiving sum directly without locking in).

The table below shows the mandatory profit-sharing distributed or to be distributed for the most recent year:

Group agreement (in millions of euros)	Mandatory profit-sharing to be distributed to Group employees
2016	5.1
2015	6.4
2014	8

Voluntary profit-sharing

The Group has set up a voluntary incentive agreement.

- on June 27, 2014, Mappy signed a new Voluntary Profit-Sharing Agreement for 2014, 2015 and 2016.

(in thousands of euros)	2015 voluntary profit-sharing paid in 2016	2014 voluntary profit-sharing paid in 2015	2013 voluntary profit-sharing paid in 2014
Voluntary profit-sharing paid in the Group	0	280	98

Company savings plan

On February 12, 2007, Management and trade unions signed an agreement to set up a Group savings plan.

An amendment to the Group savings plan was agreed on December 21, 2012, after the change in the mutual funds proposed in the Group Savings Plan (PEG).

The Board of Directors of the Company decided on February 9, 2015 to launch a capital increase reserved to employees and former employees of the Group. The subscription price has been set to 0.56 euro per share, corresponding to 80% of the average price of the twenty trading days prior to the subscription had been opened from March 9 to 29. 1,045 employes or former employees subscribed to the capital increase (over a total of 4,697 beneficiaries, *i.e.* a subscription rate of 22.25%). Total subscriptions amounted to approximately 1.5 million euros. This operation has consequently given rise to 4,569,773 new share subscriptions.

Supplementary retirement scheme

On November 22, 2007, Management and trade unions signed an agreement to implement a supplementary retirement scheme. This agreement provided for:

- a PERCO (Collective Retirement Savings Plan) that tops up employee contributions with an employer contribution. For 2008 and subsequent years, the maximum annual employer contribution is 502 euros gross for an employee contribution of 1,500 euros. To launch the PERCO plan in 2007 and enable as many employees as possible to participate, the maximum employer contribution was 701 euros for an employee contribution of 1,500 euros. An amendment was also signed on December 21, 2012 following the modification of the mutual funds available under the PERCO plan;
- a defined-contribution supplementary retirement plan, pursuant to Article 83 of the French Tax Code, for Group subsidiary managerial staff ("cadres") with effect as of January 1, 2008. Membership in this plan is compulsory and requires a contribution of 5.50% of the employee's tranche B and C remuneration (*i.e.* above the maximum tranche A remuneration limit of 3,218 euros per month in 2016). Employees pay 40% of this contribution (2.20%) and the Company pays the remaining 60% (3.30%). An amendment was signed on October 29, 2013 to allow the participating employees to make additional and voluntary contributions into the supplementary retirement plan, pursuant to Article 163 *quater vicies* of the French Tax Code.

18 MAIN SHAREHOLDERS

18.1 Shareholdings
18.2 Voting rights
18.3 Persons exercising or able to exercise control over the Company
18.4 Shareholder agreements
18.5 Pledged assets

18.1 Shareholdings

On December 31, 2016 and on the basis of information known to the Company, the shareholdings in the Company were distributed as follows:

	12/31/2016				12/31/2015				12/31/2014			
	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights
Edmond de Rothschild AM	2, 373,274	6.1%	2,373,274	6.1%	2,350,354	6.0%	2,350,354	6.1%	58,399,288	5.0%	58,399,288	5.0%
Benjamin Jayet and BJ Company Invest (1)	2,319,278	6.0%	2,319,278	5.9%	-	-	-		-	-	-	-
DNCA	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.1%	-	-	-	-
Public	31,907,815	82.1%	32,139,897	82.4%	34,253,125	88.1%	34,259,374	88.3%	949,564,833	81.7%	950,206,281	81.9%
SoLocal Group Employees(2)	229,977	0.6%	229,977	0.6%	225,964	0.6%	225,964	0.6%	2,510,672	0.2%	2,510,672	0.2%
Treasury shares held(3)	85,887	0.2%	0	0.0%	86,788	0.2%	0	0.0%	2,165,208	0.2%	0	0.0%
Amber Capital	0	0.0%	0,0	0.0%	0	0.0%	0,0	0.0%	76,636,383	6.6%	76,636,383	6.6%
Paulson	0	0.0%	0	0.0%	0	0.0%	0	0.0%	68,000,000	5.9%	68,000,000	5.9%
Médiannuaire Holding	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4,450,786	0.4%	4,450,786	0.4%
Total	**38,876,564**	**100.0%**	**39,022,759**	**100.0%**	**38,876,564**	**100.0%**	**38,796,025**	**100.0%**	**1,161,727,170**	**100.0%**	**1,160,203,410**	**100.0%**

Number of shares on the settlement dates of 12/31/2016, 12/31/2015 and 12/31/2014, respectively.

(1) For more information on shareholding by Benjamin Jayet and the BJ Invest company, see the statement on shareholding disclosure thresholds of December 23, 2016 referred to below.

(2) In the context of the SoLocal Group's Group Savings Plan (PEG).

(3) 82,722 treasury shares are held in the context of a liquidity contract implemented on December 2, 2012.

According to information made known to the Company through shareholding threshold disclosure statements received to date and the ITB dated April 5, 2017, the Company shareholding is distributed as follows:

	Number of shares	As a % of the share capital
Institutional(1)	411,980,887	71.5%
Retail	155,038,351	26.9%
SoLocal Group Employees(2)	603,607	0.1%
Treasury shares held(3)	206,416	0.0%
Other(4)	8,075,326	1.4%
Unidentified share capital	313,691	0.1%
Total (5)	**576,218,278**	**100.0%**

(1) Amongst these institutional investors are included, in particular, asset managers and family offices, the most significant of which are funds managed by Edmond de Rothschild Asset Management, DNCA Finance, Camignac Gestion, Cogefi Gestion, Eximium, Family Office Amar, River and Mercantile Asset Management, Trusteam Finance and the Nobel Fund.

(2) In the context of the SoLocal Group's Group Savings Plan (PEG).

(3) All the Treasury Shares held are held in the context of the Liquidity Contract implemented on December 2, 2012.

(4) Including 8,033,629 shares to be allocated to creditors in the context of the Financial Restructuring Plan.

(5) The increase in share capital with maintenance of preferential prescription rights finalized on 13 June 2017 led to the creation of 537,341,714 new shares and brought the number of shares in the Company up to 576,218,278.

To date the Company has noted the following legal shareholding threshold disclosures occurring since December 1, 2016:

Shareholding disclosure thresholds

- on December 9, 2016, the BJ Invest Company, acting in conjunction with Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard reported that on December 5, 2016 they had fallen below the statutory threshold of 7% of the Company share capital. After crossing this threshold, BJ Invest, Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard jointly held 2,356,222 shares, i.e. 6.06% of the share capital and 6.03% of the voting rights;
- on December 13, 2016, Mr Philippe Besnard, acting in conjunction with Mr Benjamin Jayet, Pentagram Media and the BJ Invest company, reported having, on December 8, 2016 fell below the statutory threshold of 6% of the Company share capital. After crossing this threshold BJ Invest, Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard jointly held 2,314,608 shares, *i.e.* 5.95% of the share capital and 5.92% of the voting rights;
- on December 14, 2016, Mr Benjamin Jayet, acting in conjunction with a group of individuals and legal entities, pursuant to the Joint Action Agreement signed on December 13, 2016, reported having, on December 13, 2016, exceeded the thresholds of 10% of the Company share capital and voting rights and held 3,910,573 shares (692,126 of which were held pursuant to Article L.233-7 of the Business Code because of the signing of temporary share transfer agreements, in favor of the company BJ Invest, between the BJ Invest company on the one hand and third parties on the other) representing 3,910,573 voting rights, *i.e.* 10.06% of the Company share capital and 10.007% of its voting rights;
- on December 23, 2016, Mr Benjamin Jayet, acting in conjunction with the persons referred to above, reported having, on December 16, 2016, fell below the thresholds of 10% of the Company share capital and voting rights and holding, directly and indirectly through the BJ Invest company which he controls, 2,319,278 shares in the Company (of which 1,130,452 shares were held pursuant to Article L.233-7 of the Business Code because of the signing of temporary share transfer agreements, in favor of the company BJ Invest, between the BJ Invest company on the one hand and third parties on the other) representing 3,910,573 voting rights, *i.e.* 5.97% of the Company share capital and 5.94% of its voting rights distributed as follows: 1.06% of the share capital and 1.05% of the voting rights for Benjamin Jayet and 4.91% of the share capital and 4.88% of the voting rights for the BJ Invest Company. This crossing of the threshold resulted from the fact that the Joint Action Agreement concluded on December 13, 2016 and referred to above, lapsed following the General Meeting of shareholders in the SoLocal Group Company held on December 15, 2016;
- on March 16, 2017, Edmond de Rothschild Asset Management, acting on behalf funds it managed, reported having fell below the statutory 6% shareholding threshold on March 14, 2017. Edmond de Rothschild Asset Management reported holding 30,259,098 shares, corresponding to 5.25% of the Company share capital and voting rights;
- on March 16, 2017, the company GLAS Trustees Limited, acting in its capacity as security agent for the holders of 350,000,000 euros worth of first ranking 8.875% bond indemnities falling due in 2018, reported having:
  - on March 13, 2017 exceeded the thresholds of 5 and 10% of Company share capital and voting rights and holding 59,837,345 shares representing the same number of voting rights, *i.e.* 10.39% of the share capital and 10.38% of the voting rights, and
  - on March 14, 2017 fell below the thresholds of 10 and 5% of Company share capital and voting rights following the return of shares to the beneficiaries of the trust and holding 7,680,208 Company shares representing the same number of voting rights, *i.e.* 1.33% of its capital and voting rights;
- on March 17, 2017, funds acting in conjunction with and managed by Paulson, Monarch and Amber Capital reported having, on March 13, 2017, exceeded the statutory thresholds of 1 to 14% by holding 81,808,384 Company shares and the same number of voting rights representing around 14.2% of its share capital and 14.19% of its voting rights. On an individual basis, the funds managed by Paulson hold 49,018,750 Company shares and the same number of voting rights, representing around 8.51% of its share capital and 8.50% of its voting rights. On an individual basis, the funds managed by Monarch hold 22,613,813 shares and the same number of voting rights representing around 3.92% of the Company share capital and 3.92% of its voting rights. On an individual basis, funds managed by Amber Capital hold 10,174,546 Company shares and the same number of voting rights representing around 1.77% of its share capital and 1.76% of its voting rights;
- on March 17, 2017, funds acting in conjunction with and managed by Paulson, Monarch and Amber Capital reported having, on March, 15 and 16 2017, fell below the statutory thresholds of 14, 13 and 12% by holding 65,957,511 Company shares and the same number of voting rights, representing around 11.45% of its share capital and 11.44% of its voting rights. On an individual basis, the funds managed by Paulson hold 45,411,171 Company shares and the same number of voting rights, representing around 7.88% of its share capital and 7.88% of its voting rights. On an individual basis, funds managed by Monarch hold 10,370,519 Company shares and the same number of voting rights, representing around 1.8% of its share capital and 1.88% of its voting rights;
- on March 17, 2017, DNCA Finance, acting on behalf of funds it managed, reported having, on March 13, 2017, fell below the thresholds of 5% of the share capital and voting rights in the Company, holding, on behalf of the said funds, 20,262,500 Company shares representing the same number of voting rights, *i.e.* 3.52% of its share capital and 3.51% of its voting rights;
- on March 22, 2017, the consortium made up of the companies Paulson, Monarch and Amber reported having, on March 16, 2017, fell below the thresholds of 10% of the Company share capital and voting rights and holding 41,502,134 Company shares representing the same number of voting rights, *i.e.* 7.20% of its share capital and voting rights. On an individual basis, funds managed by Paulson hold 23,726,313 Company shares and the same number of voting rights, representing around 4.12% of its share capital and 4.12% of its voting rights. On an individual basis, funds managed by Monarch hold 7,600,000 Company shares and the same number of voting rights, representing around 1.32% of its capital and 1.32% of its voting rights. On an individual basis, funds managed by Amber Capital hold 10,175,821 Company shares, representing around 1.77% of its share capital;
- on March 27, 2017, the companies Paulson, Monarch and Amber reported that the Shareholders' Agreement signed on March 13, 2017 had lapsed and their joint action in respect of the Company had ended. In the same letter, the companies Paulson, Monarch and Amber reported having, in conjunction with one another on March 24,

fell below the thresholds of 5% of the Company share capital and voting rights and that they no longer jointly held any shares in the Company. On an individual basis, funds managed by Paulson held 23,726,313 shares in the Company and the same number of voting rights, representing around 4.12% of its share capital and 4.12% of its voting rights. On an individual basis, funds managed by Monarch held 6,701,397 Company shares and the same number of voting rights, representing around 1.16% of its share capital and 1.16% of its voting rights. On an individual basis, funds managed by Amber Capital hold around 10,175,821 Company shares and the same number of voting rights, representing around 1.77% of its share capital and 1.76% of its voting rights.

18.2 Voting rights

All registered shares in the Company that are fully paid up and have been registered in the name of the same shareholder for at least two years carry a double voting right (see Section 21.1).

18.3 Persons exercising or able to exercise control over the Company

To the Company's knowledge, no individual or legal entity, directly or indirectly, jointly or in concert, exercises control over the Company.

18.4 Shareholder agreements

In a letter of March 17, 2017, the French Financial Markets Authority (Autorité des marchés financiers) and the Company were informed of the signing, on March 13, 2017, of a Shareholder Agreement between the companies Paulson Credit Opportunities Master Ltd, PAC Credit Fund Limited (together comprising "Paulson"), Monarch Masterfunding 2 S.a.r.l. (Luxembourg), Monarch Property Holding I SARL (together comprising "Monarch"), Amber Global Opportunities Master Fund Ltd and Amber Global Opportunities Ltd (together comprising "Amber"), which declared that they were acting in concert with one another.

The signing of this shareholder agreement, designed to govern relations between the signatories of the agreement in respect of shares in the SoLocal Group (the "Agreement") was reported to the French Financial Markets Authority (the AMF) by the signatories to the agreement when requesting a derogation from the requirement to submit a draft bid relating to shares in the SoLocal Group which was publicized in the ruling of December 23, 2016 by the AMF (D&I 216C2924).

In addition to provisions relating to governance, the main terms of the Agreement relating to transfers of securities are set out below:

a) signatories to the Agreement should agree in advance to any acquisition of SoLocal Group shares;

b) signatories to the agreement will refrain from going ahead with any acquisition of SoLocal Group shares the effect of which would be to cross a bidding threshold (save where an AMF derogation has been secured in advance of the said acquisition);

c) signatories to the agreement shall refrain from transferring SoLocal Group shares where these represent less than 4,000 shares in the SoLocal Group;

d) signatories to the agreement shall enjoy a joint opt-out option in the event of the transfer by any other signatory to the agreement, of SoLocal Group shares representing at least 4,000 SoLocal Group shares insofar as the said transfer occurs in the context of an investment procedure (*i.e.* either in accordance with the terms of a transfer contract and associated warranty contract signed with one or more financial institutions and allowing shares to be transferred at a fixed price, or in the context of drawing up an ABB, its being specified that the transferor must notify the other signatories to the agreement of the number of shares targeted by the investment, the minimum transfer price envisaged, the terms and conditions of the transfer envisaged and the timescale envisaged for the launch of the investment), and

e) restrictions on transfers of shares in the SoLocal Group referred to above shall not apply (i) in the case of transfers freely made to a partner of a signatory to the Agreement under the circumstances set out in Article 8 of the Agreement, (ii) in the event of a bid being made by a third party for shares in the SoLocal Group, (iii) in the event of a transfer of shares on the open market and (iv) in the event of a transfer of shares for cash by mutual agreement.

The Agreement was signed and came into force on March 13, 2017 and is due to expire two years from December 23, 2016 (date upon which the above-mentioned derogation was granted). It shall automatically come to an end in advance (i) if investment by official signatories to the Agreement falls below 5% of the share capital and voting rights in the SoLocal Group and (ii) in relation to Paulson, Monarch and Amber, if such a signatory holds less than 10% of the shares in the SoLocal Group.

In a letter received on March 24, 2017, the AMF was informed that the Agreement had lapsed and of the end of joint action between the companies Paulson, Monarch and Amber in relation to the Company. In the same letter, the companies Paulson, Monarch and Amber reported that they had by agreement, on March 24, 2017, fell below the thresholds of 5% of the Company share capital and voting rights and no longer jointly held any shares in the SoLocal company.

18.5 Pledged assets

In the context of the issue of Bonds, the Company pledged, in favor of bondholders, a securities account that includes all of its shares in PagesJaunes as collateral for all sums owed (in principal, interest, commissions, fees and costs) by the Company in respect of Bonds.

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RELATED-PARTY TRANSACTIONS

During the tax year ended December 31, 2016, the Company identified the following agreements that may fall within the scope of application of Article L. 225-38 of the French Commercial Code:

- the terms and conditions of the appointment of Mr Jean-Pierre Remy as Chief Executive Officer (described in Section 15.1 of the Reference Document), to which the Board of Directors gave prior approval at its meeting of May 17, 2009;
- the terms and conditions of the appointment of Mr Christophe Pingard as Deputy Chief Executive Officer (described in Section 15.1 of the Reference Document), to which the Board of Directors gave prior approval at its meetings of October 26, 2011 and December 13, 2016.

Statutory Auditors' special report on regulated agreements and commitments

To the shareholders,

In our capacity as your Company's auditors, we present below our report on regulated agreements and commitments.

Based on the information provided, we are required to report to shareholders on the characteristics, main terms and conditions of and the grounds for the Company's interest in the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. Under Article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We are also required as necessary to report to you the information set out in Article R. 225-31 of the French Commercial Code regarding operations carried out during the financial year under agreements and commitments approved by the General Shareholders' Meeting in previous years.

We have performed those duties deemed necessary by us in accordance with the professional guidelines of France's national auditing body, the CNCC, as applicable to this assignment. These measures consisted of verifying the consistency of the information given to us with the contents of the source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

We hereby inform you that we have not been notified of any agreements or commitments authorized during the past financial year that are to be submitted for the approval of the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) The implementation of which took place during the past financial year

We hereby inform you that we have not been notified of any agreements or commitments already approved by the General Shareholders' Meeting that were implemented during the past financial year.

b) That were not implemented during the past financial year

We were, incidentally, informed that the following agreements and commitments, which were approved by shareholders in previous years, were still in effect in the past financial year.

1. With Mr Jean-Pierre Remy, your Company's Chief Executive Officer

Nature and purpose

At its meetings of May 17, 2009 and March 10, 2014, the Board of Directors authorized the terms and conditions of Mr Jean-Pierre Remy's appointment as Chief Executive Officer. These terms and conditions relating to the commitments made in favor of Mr Jean-Pierre Remy relate to a severance payment and/or an allowance in return for a non-competition clause from which the latter benefits.

Terms and conditions

The remuneration and other terms and conditions of Mr Remy's appointment were proposed by the Remuneration Committee on May 17, 2009.

Mr Remy will be entitled to your Company's current supplementary pension scheme, to "mutual" life and health insurance plans under the same terms that apply to the Company's management staff, or to a similar plan, and to civil liability insurance.

Mr Remy may receive severance pay if he is forced to leave the Company as a result of a change in its control or strategy, or of a change in the execution of its strategy. The amount of this severance pay would be equivalent to his annual gross remuneration (both fixed and variable with targets achieved), provided that Mr Remy has achieved at least 80% of his objectives over the last three years. The severance payment would not be made until the Board of Directors has verified that Mr Remy's performance obligation, as amended, has been achieved.

A non-competition obligation will come into effect if Mr Remy ceases to be the Company's Chief Executive Officer. The terms of the compensation provided in consideration of this obligation are identical to those that were approved at the General Shareholders' Meeting of June 10, 2010. This obligation would not exceed twenty-four months and would cover all of France.

The combined total of the severance payment and the non-competition compensation may not exceed two years of fixed and variable remuneration.

Your Company will have the option to release Mr Remy from this non-competition clause by informing him of its decision to do so no later than fifteen calendar days after the Board of Directors' meeting where the termination of Mr Remy's term of office as Chief Executive Officer is acknowledged or decided.

2. With Mr Christophe Pingard, your Company's Deputy Chief Executive Officer

Nature and purpose

On October 26, 2011 and December 13, 2016, your Board of Directors set forth the terms and conditions of Mr Christophe Pingard's appointment as Deputy Chief Executive Officer.

Terms and conditions

The remuneration and other terms and conditions of our Deputy Chief Executive Officer, Mr Christophe Pingard's appointment were authorized by your Board of Directors at its meetings of October 20, 2011.

Mr Christophe Pingard will be entitled to your Company's current supplementary pension scheme, to "mutual" life and healthcare insurance plans under the same terms that apply to the Company's management staff, or to a similar plan, and to civil liability insurance.

Mr Pingard may receive severance pay if he is forced to leave the Company as a result of a change in its control or strategy, or of a change in the execution thereof. This severance pay would be equal to twelve months of remuneration at the average monthly rate of the total gross remuneration over the last twelve months of his term of office. If he leaves before the end of the first year after being hired, this severance pay will be equal to six months of remuneration at the average monthly rate of the total gross remuneration he will have received.

A non-competition obligation will come into effect if Mr Pingard ceases to be Deputy Chief Executive Officer for any reason and in any way whatsoever. This obligation would not exceed twenty-four months and would cover all of France.

The compensation to be paid in consideration for observing this non-competition obligation for twenty-four months would be twelve months of remuneration at the average monthly rate of the total gross remuneration over the last twelve months of Mr Christophe Pingard's term of office as Deputy Chief Executive Officer. One fourth of this compensation would be paid to Mr Pingard at the end of each six-month period.

When Mr Pingard's employment is terminated, the Company may waive the non-competition obligation, in which case it will not have to pay the corresponding compensation.

Neuilly-sur-Seine and Paris-La Défense, March 15, 2017

Statutory Auditors

BEAS	AUDITEX Member of the Ernst & Young network Global Limited
Joël Assayah	Vincent de La Bachelerie

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20.1 Consolidated financial statements

1 – Consolidated income statement

(in thousands of euros, except data relating to shares)	Notes	2016	2015
		As at 31 December	
Revenues		812,277	877,959
Net external expenses		(214,817)	(217,051)
Personnel expenses	6	(368,455)	(400,051)
Recurring EBITDA		**229,005**	**260,858**
Non recurring items	7	(5,130)	(49,730)
EBITDA		**223,875**	**211,128**
Depreciation and amortisation		(60,643)	(68,325)
OPERATING INCOME		**163,232**	**142,803**
Financial income		1,425	1,923
Financial expenses		(75,247)	(85,535)
Gain (loss) on foreign exchange		(25)	-
NET FINANCIAL EXPENSE	**8**	**(73,847)**	**(83,612)**
Share of profit or loss of an associate		-	107
Corporate income tax	9	(40,428)	(32,649)
INCOME FOR THE PERIOD		**48,956**	**26,649**
Income for the period attributable to:			
Shareholders of SoLocal Group		48,945	26,639
Non-controlling interests		11	10
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
basic	10	1.26	0.69
diluted		1.21	0.65
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 December)			
basic		1.26	0.69
diluted		1.21	0.66

2 – Consolidated statement of comprehensive income

		As at 31 December	
(in thousands of euros)	Notes	2016	2015
INCOME FOR THE PERIOD REPORT		48,956	26,649
Net (loss) /gain on cash flow hedges			
• Gross		-	8,601
• Deferred tax		-	(1,401)
• Net of tax		-	7,200
ABO reserves :			
• Gross		(2,489)	9,289
• Deferred tax		(36)	(3,193)
• Net of tax		(2,525)	6,096
Exchange differences on translation of foreign operations		(324)	6
OTHER COMPREHENSIVE INCOME		**(2,849)**	**13,301**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**46,108**	**39,950**
Total comprehensive income for the period attributable to:			
• Shareholders of SoLocal Group		46,097	39,940
• Non-controlling interests		11	10

3 – Consolidated statement of financial position

(in thousands of euros)	Notes	As at 31 December 2016	2015
ASSETS			
Net goodwill	11	95,507	95,107
Other net intangible fixed assets	12	128,074	123,384
Net tangible fixed assets	13	33,420	28,381
Available-for-sale assets	14	188	179
Other non-current financial assets	15	6,263	4,097
Net deferred tax assets	9	182	-
TOTAL NON-CURRENT ASSETS		**263,633**	**251,148**
Net inventories	16	700	653
Net trade accounts receivable	17	320,900	352,623
Acquisition costs of contracts	18	35,025	37,714
Other current assets	19	30,528	24,096
Current tax receivable	9	361	16,815
Prepaid expenses		5,715	9,374
Other current financial assets		21,408	12,866
Cash and cash equivalents	25	91,069	53,695
TOTAL CURRENT ASSETS		**505,706**	**507,836**
TOTAL ASSETS		**769,339**	**758,983**
LIABILITIES			
Share capital		233,259	233,259
Issue premium		364,544	364,544
Reserves		(1,916,393)	(1,938,165)
Income for the period attribuable to shareholders of SoLocal Group		48,945	26,639
Other comprehensive income		(11,606)	(9,081)
Own shares		(4,987)	(5,209)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE SOLOCAL GROUP	21	**(1,286,238)**	**(1,328,014)**
Non-controlling interests		104	79
TOTAL EQUITY		**(1,286,134)**	**(1,327,935)**
Non-current financial liabilities and derivatives	25	1,341	1,118,265
Employee benefits - non-current	23	88,064	84,986
Provisions - non-current	23	21,077	33,654
Other non-current liabilities		37	2
Deferred tax liabilities	9	16,506	7,248
TOTAL NON-CURRENT LIABILITIES		**127,025**	**1,244,155**
Bank overdrafts and other short-term borrowings	25	1,154,359	21,907
Accrued interest	25	32,137	4,061
Provisions - current	23	30,473	32,968
Trade accounts payable	22	98,889	95,391
Employee benefits - current	23	116,491	120,904
Other current liabilities	23	83,662	84,163
Corporation tax	9	4,088	59
Deferred income	26	408,349	483,309
TOTAL CURRENT LIABILITIES		**1,928,448**	**842,764**
TOTAL LIABILITIES		**769,339**	**758,983**

4 – Consolidated statement of changes in equity

(in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges & actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
BALANCE AS AT 1 JANUARY 2015	**1,159,469,983**	**232,345**	**362,899**	**(7,151)**	**(1,934,200)**	**(22,377)**	**12**	**(1,368,472)**	**69**	**(1,368,403)**
Total comprehensive income for the period, net of tax					26,639			26,639	10	26,649
Other comprehensive income, net of tax					-	13,296	6	13,301		13,301
Comprehensive income for the period, net of tax					26,639	13,296	6	39,940	10	39,950
Regrouping shares impact of 26 October 2015	(1,120,820,984)							-		-
Capital increase as part of the employee offering	152,326	914	1,645		(92)			2,467		2,467
Share-based payment					(3,891)			(3,891)	-	(3,891)
Shares of the consolidating company net of tax effect	(11,550)			1,942				1,942		1,942
BALANCE AS AT 31 DECEMBER 2015	**38,789,776**	**233,259**	**364,544**	**(5,209)**	**(1,911,544)**	**(9,081)**	**17**	**(1,328,014)**	**79**	**(1,327,935)**
Total comprehensive income for the period, net of tax					48,945			48,945	11	48,956
Other comprehensive income, net of tax					-	(2,525)	(324)	(2,849)	1	(2,848)
Comprehensive income for the period, net of tax					48,945	(2,525)	(324)	46,096	12	46,108
Share-based payment					(4,542)			(4,542)	-	(4,542)
Shares of the consolidating company net of tax effect	4,066			222				222		222
Subscription minority in Dubai Effilab capital									13	13
BALANCE AS AT 31 DECEMBER 2016	**38,793,842**	**233,259**	**364,544**	**(4,987)**	**(1,867,141)**	**(11,606)**	**(306)**	**(1,286,238)**	**104**	**(1,286,134)**

5 – Consolidated cash flow statement

		As at 31 December	
(in thousands of euros)	Notes	2016	2015
Income for the period attribuable to shareholders of SoLocal Group		48,945	26,639
Depreciation and amortisation of fixed assets	11 & 13	60,449	54,848
Change in provisions	20	(14,771)	27,360
Share-based payment		(4,542)	2,865
Capital gains or losses on asset disposals		194	13,735
Interest income and expenses	8	73,822	72,505
Hedging instruments	8	-	11,107
Unrealised exchange difference		25	-
Tax charge for the period	8	40,428	32,649
Share of profit or loss of an associate		-	(107)
Non-controlling interests		11	10
Decrease (increase) in inventories		(47)	600
Decrease (increase) in trade accounts receivable		29,539	83,795
Decrease (increase) in other receivables		77	12,288
Increase (decrease) in trade accounts payable		(6,426)	(2,386)
Increase (decrease) in other payables		(79,425)	(102,057)
Net change in working capital		**(56,282)**	**(7,760)**
Dividends and interest received		1,452	635
Interest paid and rate effect of net derivatives		(37,449)	(80,075)
Corporation tax paid		(12,578)	(20,024)
NET CASH FROM OPERATIONS		**99,704**	**134,386**
Acquisition of tangible and intangible fixed assets	12 & 13	(69,055)	(76,075)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		5,216	(13,942)
NET CASH USED IN INVESTING ACTIVITIES		**(63,839)**	**(90,017)**
Increase (decrease) in borrowings	25	1,726	(33,777)
Capital increase net of costs	21	0	2,411
Other cash from financing activities o/w own shares		170	(3,248)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**1,895**	**(34,614)**
Impact of changes in exchange rates on cash		(78)	(3)
NET INCREASE (DECREASE) IN CASH POSITION		**37,683**	**9,752**
Net cash and cash equivalents at beginning of period		53,330	43,578
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**25**	**91,013**	**53,330**

1 INFORMATION ON THE GROUP

The main activities of the Group are described in note 4.

The accounting year for the companies in the SoLocal Group extends from 1 January to 31 December. The currency used in presenting the consolidated financial statements and the accompanying notes is the euro.

SoLocal Group is a public limited company listed on Euronext Paris (LOCAL).

This information was approved by the Board of Directors of SoLocal Group on 2 February 2017.

2 CONTEXT OF PUBLICATION AND BASIS FOR PREPARATION OF THE 2016 CONSOLIDATED STATEMENT

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2016 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 31 December 2016 and as at 31 December 2015.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2015, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2016, but which have no significant impact:

- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations;
- IAS 16 et IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 27 Equity Method in Separate Financial Statements;
- Improvements to IFRS 2012-2014 Cycle;
- IAS 1 Disclosure Initiative;
- IFRS 10, IFRS12 and IAS 28 Investment Entities: Applying the Consolidation Exception.

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2016.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2016, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2016:

- IFRS 14 Regulatory Deferral Accounts.

Moreover, the Group did not opt for early application of the standards and interpretations adopted by the European Union and which are mandatory application is after 1 January 2017:

- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2018);
- IFRS 9 Financial Instruments (applicable on 1 January 2018);
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (application date unfixed);
- IFRS 16 Leases (applicable on 1 January 2019);
- IAS 12 Recognition of deferred tax asset for unrealised losses (applicable on 1 January 2017);
- IAS 7 Disclosure iniative (applicable on 1 January 2017);
- clarifications to IFRS 15 (applicable on 1 January 2018);
- IFRS 2 Classification and measurement of share-based payment transactions (applicable on 1 January 2018);
- IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (applicable on 1 January 2018);
- improvements to IFRSs 2014-2016 Cycle (applicable au 1 January 2017 or 1 January 2018 according Standards);
- IAS 40 : Transfers of investment Property (applicable on 1 January 2018).

Concerning the implementation of IFRS 15 "Revenue from Contracts with Customers", preliminary work has been initiated aimed at mapping the various revenues of the Group and in defining the performance obligations of it. At this stage, no impact study has been sufficiently completed.

The Group has initiated a project for application of the new Standard IFRS 16 « Leases », applicable on 1 Janury 2019, if adopted by the European Union. From a preliminary standpoint, the impact on the consolidated balance sheet linked to the first-time application of this new standard can be assessed through the amount of the operating lease commitments as at 31 December 2016, i.e. 141 million euros (cf. note 30).

With regards to the other texts, the Group is currently analysing the practical consequences and the effects of their application in its future statement. At this stage of the review, the expected impacts on the consolidated financial statements are not significant.

All of the standards and interpretations adopted by the European Union as at 31 December 2016 are available on the website of the European Commission at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable, which combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, acquisition costs of contracts, share-based payments, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group;
- reflect the economic substance of transactions;
- are neutral;
- are prudent;
- and are complete in all material respects.

Seasonal variations

Although the activities of the Group are not subject to seasonal effects per se, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Note on going concern

The company conducted, under the aegis of an ad hoc agent then of a mediator, a process of negotiating with its creditors aimed at restructuring it financial debt. The latter is comprised of a syndicated credit that includes in particular a tranche (Tranche C1) with Pages Jaunes Finance & CO SCA (entity without a capital link with SoLocal Group but a part of the scope of consolidation), with this entity itself issued a bond loan in order to finance this Tranche C1.

An agreement aimed at the financial restructuring of SoLocal Group was reached at the end of 2016. On 22 December 2016, the Tribunal de Commerce of Nanterre adopted the modification to the accelerated financial safeguard procedure plan of SoLocal Group, allowing for the implementation of the financial restructuring plan approved by the committee of financial and similar institutions ("committee of creditors") on 30 November 2016, and by the extraordinary general shareholders' meeting on 15 December 2016.

It is specified that in application of the financial restructuring plan, the payment in cash of the accrued interest or falling due on 31 December 2016 and not paid in terms of the debt of SoLocal Group was shifted to the closest of the two dates between (i) 15 March 2017 and (ii) the settlement-delivery date for the operations on the capital provided for in the financial restructuring plan. Moreover, it was agreed that the loans granted to SoLocal would no longer carry interest after 31 December 2016.

In light of this, the financial statements of SoLocal Group as at 31 December 2016 were drawn up in application of the principle of continuing operation, with the assumption that the aforementioned financial restructuring plan would be implemented within the scheduled timeframe, and in any case no later than 15 March 2017.

In the hypothesis where this plan would not be implemented in the scheduled timeframe, SoLocal Group could find itself in a state of cession of payments. And the creditors could avail themselves, in the very short term, of various fault that have occurred or that will occur, to render their debt immediately payable and exercise the guarantees that they hold on the securities of the subsidiary PagesJaunes SA. Indeed, the loans taken out by SoLocal Group each contain clauses that allow for the acceleration in repayment in particular in the case (i) of the nomination of an ad hoc agent or of a mediator, (ii) the financial covenants are broken and (iii) non-payment of interest.

SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity. The application of the accounting principles and regulations in a normal context of continuing operations concerning in particular the evaluation of the assets and liabilities could be inappropriate.

Furthermore, if other accounting principles than principle of continuing operation were to be applied, SoLocal Group cannot at this stage measure any of the impacts of this.

3 ACCOUNTING POLICIES AND CHANGES OF ESTIMATES

This note describes the accounting policies applied for the financial year ending 31 December 2016, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2016.

Unless stated otherwise, these methods have been applied permanently for all financial years presented.

3.1 Accounting positions adopted by the Group pursuant to paragraph 10 to 12 of IAS 8

The accounting positions retained by the Group are not subject to any particular provisions in the international accounting standards adopted by the European Union or their interpretation.

3.2 Consolidation

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 10% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

3.3 Transactions in foreign currencies

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 "Effects of Changes in Foreign Exchange Rates". In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The differences arising from re-measurement are recorded in the income statement:

- in operating income for sales transactions;
- in financial income or expenses for financial transactions.

3.4 Presentation of the financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

Operating income corresponds to net income before:

- financial income;
- financial expenses;
- current and deferred income taxes.

EBITDA corresponds to operating income before taking depreciation and amortisation into account. Recurring EBITDA corresponds to EBITDA before taking exceptional events such as restructuring costs into account.

The activity report presents the Group's continued activities. Segment information (note 4), presents the details of the revenues and recurring EBITDA of «Continued activities» and of «Disposed activities».

3.5 Revenues

Revenues from the activities of the Group are recognised and presented as follows, in accordance with IAS 18 "Revenue":

- revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of "Deferred Income";
- income from the sale of advertising space in online directories (digital revenue) and on telephone enquiry services is apportioned over the display period, which is generally 12 months. The same applies to the websites;
- revenues from traffic relating to the telephone enquiry services (118 008 in France) are recognised at their gross value when the service is rendered;
- revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission;
- the variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media constitute direct and incremental costs in the obtaining of customer orders. These are capitalised on the balance sheet in the «Acquisition costs of contracts» item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertising Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

3.6 Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

3.7 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

3.8 Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised. It is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogeneous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets). Since 2015, the level at which the Group measures the current value of goodwill corresponds to the level of each of the product lines (local search, digital marketing and their derivatives).

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Internet, Printed and Vocal. As at 31 December 2016, the goodwill undepreciated is fully allocated to Internet sector.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities of each CGU is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by the Groupe is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of Group, as follows:

- cash flow projections are based on the five-year business plan;
- cash flow projections beyond the five-year period are extrapolated by applying a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity;
- the cash flow is discounted at rates appropriate to the nature of the activities and countries.

Goodwill impairment losses are recorded in the income statement.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

3.9 Other intangible assets

Other intangible assets consist mainly of trademarks, licences and patents, research and development costs and software. They are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Trademarks

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see note 3.11).

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- and the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

3.10 Tangible fixed assets

Gross value

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lease has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- the lease term covers the major part of the estimated economic life of the asset;
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Finance leases are not significant for the disclosed periods.

Depreciation

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

3.11 Impairment of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

3.12 Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

3.12.1 Measurement and recognition of financial assets

Assets held to maturity

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

Loans and receivables

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Assets at fair value through the income statement

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above ("fair value" option).

These assets are carried in the balance sheet under short-term financial assets.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

3.12.2 Measurement and recognition of financial liabilities

Financial liabilities

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

3.13 Inventories

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

3.14 Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- the Group is able to control the timing of the reversal of the temporary difference (distribution of dividends for example), and;
- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

3.15 Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and a detailed plan has been drawn up or implemented before the period end-date.

Provisions are discounted when the discounting adjustment is material.

3.16 Pension and similar benefit obligations

3.16.1 Post-employment benefits

Retirement benefits and similar commitments

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).

This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).

Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income.

Other retirement schemes

These benefits are offered through defined contribution schemes for which the Group has no commitment other than the payment of contributions. The charge corresponding to the contributions paid is recognised in the income statement for the period.

3.16.2 Other long-term benefits

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

3.16.3 Termination benefits

Any termination benefits are also determined on an actuarial basis and covered by provisions.

For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

3.17 Share-based payments

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

3.18 Own shares

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost. If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

4 SEGMENT INFORMATION

As Europe's top local digital communication provider, SoLocal Group fulfils a general-interest mission with strong potential which consists in "revealing local know-how, everywhere and stimulating the local activity of companies".

SoLocal Group generated revenues of 812.3 million euros in 2016, of which revenues from its Internet activities represented 80% and revenues from its Print & Voice activities represented 20%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet

In 2016, SoLocal Group recorded 648.7 million euros Internet revenues, representing 80% of Group revenues.

The Internet activities of SoLocal Group are now structured around two business lines:

- First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In 2016, this Local Search activity posted revenues of 490.6 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).
- Second, we create and provide Internet users with the best local and customised content about professionals. In 2016, this Digital Marketing activity represented revenues of 158.1 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+10% in 2016 compared to 2015). They comprise sites & contents, local programmatic and transactional services. In 2015, we innovated on these product ranges, with an upmarket move of our Internet sites and product & store locator offerings, and the successful launch of the ADhesive targeting offer, which benefits from our data on local purchasing intents expressed by Internet users, the launching of Booster Contact product (adwords), and more recently the launching of the "Tract Digital" product with Facebook. In addition, our transactional services have been rebranded PagesJaunes Resto and PagesJaunes Doc, leveraging on and strengthening the traffic generated on PagesJaunes.

Print & Voice

The Print & Voice activities generated 163.5 million euros in 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

4.1 By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2016 and 2015:

	As at 31 December					
(in thousands of euros)	2016			2015		
	Consolidated	Divested activities	Continued activities	Consolidated	Divested activities	Continued activities
REVENUES	**812,277**	**-**	**812,277**	**877,959**	**5,317**	**872,642**
Internet	648,729	-	648,729	645,504	5,317	640,187
Print & Voice	163,548	-	163,548	232,455	-	232,455
RECURRING EBITDA[1]	**229,005**	**-**	**229,005**	**260,858**	**(9,467)**	**270,325**
Internet	185,624	-	185,624	189,573	(9,467)	199,040
Print & Voice	43,381	-	43,381	71,285	-	71,285

(1) The split between Internet and Print & Voice EBITDA was slightly revised for 2015 data compared to consolidated financial information as at 31 December 2015 so that indicators should be established according consistent principles

4.2 By geographic region

	As at 31 December	
(in thousands of euros)	2016	2015
REVENUES	**812,277**	**877,959**
France	788,689	856,578
Others	23,588	21,381
ASSETS	**769,339**	**758,983**
France	631,994	657,152
Others	17,875	14,180
Unallocated	119,471	87,652

5 CHANGES IN THE SCOPE OF CONSOLIDATION

The main transactions during the 2016 and 2015 financial years were as follows:

2016

On 1 January 2016, merger of Horyzon Média World Wide with QDQ Média by take-over.

Effilab Dubaï was created with a 51% stake held by Effilab.

On 7 March 2016, Effilab Australie was created with a 51% stake held by Effilab.

2015

On 15 June 2015, Euro Directory sold the 10.1% of the capital of Editus Luxembourg. At the end of this operation, SoLocal Group no longer has any holding in Editus.

On 16 October 2015, 100% of the Horyzon Media securities were sold.

On 31 December 2015, 100% of the Sotravo securities were sold.

On 23 December 2015, SoLocal Group acquired 100% of the shares and voting rights of Effilab, a digital marking agency specialised in the creation, management and optimisation of advertising campaigns (incl. "Adwords") on search engines and positioning on social networks.

6 STAFF EXPENSES

(in thousands of euros, except staff count)		As at 31 December 2016	2015
Average staff count (full-time equivalent)		4,386	4,666
Salaries and charges		**(364,262)**	**(387,513)**
of which:	Wages and salaries	(242,630)	(256,619)
	Social charges	(108,412)	(119,523)
	Tax credit employment (CICE)	3,037	3,457
	Taxes on salaries and other items	(16,257)	(14,829)
Share-based payment (1)		**2,304**	**(3,074)**
of which:	Stock options and free shares	4,542	(2,865)
	Social charges on grants of stock options and free shares	(2,238)	(209)
Employee profit-sharing (2)		**(6,497)**	**(9,463)**
TOTAL STAFF EXPENSES		**(368,455)**	**(400,051)**

(1) Cf. note 24
(2) Incl. Corporate contribution

7 NON-RECURRING ITEMS

This item includes in particular the result from disposals of non-financial assets, impairment on goodwill and on fixed assets, changes in fair value in price supplements granted in the framework of securities acquisitions and acquisition costs of shares, as well as restructuring costs.

In 2016, this item totalled 5.1 million euros covering a provision concerning a supplier dispute, the fees incurred for securing business continuity and the cost of departures.

In 2015, this item included costs relating to the voluntary departure plan, a provision concerning the dispute with the PSE (job safeguarding plan (cf. note on disputes)) as well as the reversal of the provision linked to pension commitments and long-term benefits (long-service award). All of these costs represented a total of 49.4 million euros.

8 NET FINANCIAL EXPENSES

Net financial expenses are made up as follows :

	As at 31 December	
(in thousands of euros)	2016	2015
Interest and similar items on financial assets	1,231	533
Result of financial asset disposals	69	48
Change in fair value of hedging instruments	-	1,342
Dividends received	125	-
FINANCIAL INCOME	**1,425**	**1,923**
Interest on financial liabilities	(64,120)	(64,583)
Income / (expenses) on hedging instruments	-	(11,107)
Amortisation of loan issue expenses	(7,840)	(7,368)
Change in fair value of financial assets and liabilities	25	2,742
Other financial expenses & fees [1]	(1,405)	(3,385)
Accretion cost [2]	(1,907)	(1,834)
FINANCIAL EXPENSES	**(75,247)**	**(85,535)**
Gain (loss) on exchange	(25)	-
NET FINANCIAL EXPENSE	**(73,847)**	**(83,612)**

(1) Primarily composed of current costs linked to debt management
(2) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 23)

9 CORPORATION TAX

9.1 Group tax analysis

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
Pretax net income from businesses	89,384	59,298
Share of profit or loss of an associate	-	107
Pretax net income from businesses and before Share of profit or loss of an associate	89,384	59,190
Statutory tax rate	34.43%	34.43%
THEORETICAL TAX	**(30,778)**	**(20,381)**
Loss-making companies not integrated for tax purposes, net of the tax impact of divested activities	(541)	(138)
Share-based payment	1,440	1,621
Foreign subsidiaries	1,110	593
Recognition of previously unrecognised tax losses	(602)	-
Non-deductible amortisation	-	(172)
Corporate value added contribution (after tax)	(6,047)	(6,845)
Ceiling of interest expense deductibility	(5,445)	(6,479)
Adjustment corporation tax of prior years	886	7
Additional tax 10,7%	2,079	(1,980)
Other non-taxable / non-deductible items / differential on deferred taxes as of 2019	(2,531)	1,126
EFFECTIVE TAX	**(40,428)**	**(32,649)**
of which current tax	*(31,557)*	*(24,579)*
of which deferred tax	*(8,871)*	*(8,070)*
EFFECTIVE TAX RATE	**45.2%**	**55.2%**

9.2 Taxes in the balance sheet

The net balance sheet position is detailed as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
Retirement benefits	22,753	24,793
Legal employee profit-sharing	1,726	2,204
Non-deductible provisions	1,278	2,344
Tax loss carryforward	171	-
Other differences	904	1,285
SUBTOTAL DEFERRED TAX ASSETS	**26,832**	**30,626**
Loan issue costs	(10,592)	(7,186)
Depreciations accounted for tax purposes	(32,564)	(30,688)
SUBTOTAL DEFERRED TAX LIABILITIES	**(43,156)**	**(37,874)**
TOTAL NET DEFERRED TAX ASSETS / (LIABILITIES)	**(16,324)**	**(7,248)**
Deferred tax assets	*182*	-
Deferred tax liabilities	*(16,506)*	*(7,248)*

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this sub-group recorded a net loss in 2015. The amount of deferred tax not recognised is estimated at 65.1 million euros as at 31 December 2016. Other différences include a differed income of 0.4 million d'euros related to CIR 2014 (Crédit Impôt Recherche). Starting in 2015, there is no longer any spreading of the CIR (research tax credit).

The deferred tax assets in the balance sheet was 7.2 million euros as at 31 December 2015 and 16.5 million euros as at 31 December 2016.

In the balance sheet as at 31 December 2016, corporation tax represents a receivable of 0.4 million euros and a liability of 4.1 million euros. As at 31 December 2015, corporation tax represented a receivable of 16.8 million euros and a liability of 0.1 million euros.

The tax disbursed during the 2016 financial year was 12.6 million euros compared to 20.0 million euros in 2015.

	As at 31 December	
(in thousands of euros)	2016	2015
OPENING BALANCE	**(7,248)**	**6,928**
Changes recognized in equity	9	(6,106)
Changes recognized in income	(8,871)	(8,070)
Others changes	(214)	-
CLOSING BALANCE	**(16,324)**	**(7,248)**

10 EARNINGS PER SHARE

In 2016, net income amounted to 49.0 million euros. The average number of ordinary shares in circulation was 38.8 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 1.26 euro taking into account the potentially dilutive effect of the average of 1.6 million stock options and free shares in existence in 2016 (cf. note 24).

In 2015, net income amounted to 26.6 million euros. Following the capital increase of 26 October 2015 (cf. note 22), the average number of ordinary shares in circulation was 38.7 million after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.69 euro taking into account the potentially dilutive effect linked to the existence, on the average over 2015, of 2.0 million stock options and free shares (cf. note 24).

11 GOODWILL IN RESPECT OF CONSOLIDATED COMPANIES

Since 2015, the level at which the Group measures the current value of goodwill corresponds to the level of each of the product lines.

Breakdown of the net value of goodwill by business sector:

	As at 31 December			As at 31 December			
	2016			2015			Change
(in thousands of euros)	Gross	Accumulated impairments	Net	Gross	Accumulated impairments	Net	Net
Local Search + transactionnal	54,201	(1,400)	52,801	54,201	(1,400)	52,801	-
Sites	26,891	-	26,891	26,891	-	26,891	-
Programmatic	15,815	-	15,815	15,415	-	15,415	400
Internet	96,907	(1,400)	95,507	96,507	(1,400)	95,107	400
Other businesses	75,282	(75,282)	-	75,282	(75,282)	-	-
TOTAL	**172,189**	**(76,682)**	**95,507**	**171,789**	**(76,682)**	**95,107**	**400**

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	2016	2015
BALANCE AT START OF YEAR	**95,107**	**82,467**
Acquisitions / disposals	-	12,640
Impairments	400	-
BALANCE AT END OF YEAR	**95,507**	**95,107**

Goodwill values were examined on the closure of the consolidated financial statements according to the method described in note 3.8 – Accounting policies, on the basis of business plans, a perpetual growth rate of 1.5% for the "Local Search and transactional" CGU and of 3.0% for the "Sites" and "Programmatic" CGUs and an after-tax discount rate of 9.0% for the "Local Search and transactional" CGU and 15.0% for the "Sites" and "Programmatic" CGUs. These rates are based on published sector studies.

The assumptions made in determining the recoverable values are similar from one cash-generating unit to the other: these are:

- the revenue which reflects the number of customers, the ARPA, the penetration rate of the offerings;
- costs with the levels of commercial costs required to handle the rate of customer acquisition and renewals, the positioning of the competition, the possibilities of adapting the costs to the changes in revenue or the effects of the natural attrition of the workforce;
- the level of the investment expenses that can be affected by the constant change in new technologies.

The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors.

In terms of sensitivity, an increase of 1% in the discount rate across all of the CGUs, a decrease of 1% in the perpetuity growth rate or a decrease of 1% in the margin rate of the last year of the business plans would not result in the recording of depreciation.

12 OTHER INTANGIBLE FIXED ASSETS

	31 December 2016			31 December 2015		
(in thousands of euros)	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and support applications	369,321	(244,432)	124,889	316,445	(196,173)	120,272
Other intangible fixed assets	10,336	(7,151)	3,185	10,200	(7,088)	3,111
TOTAL	**379,657**	**(251,583)**	**128,074**	**326,644**	**(203,261)**	**123,384**

No other significant impairment was recorded as at 31 December 2016 and 2015.

Movements in the net value of other intangible fixed assets can be analysed as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
OPENING BALANCE	**123,384**	**107,265**
Acquisitions	1,293	2,127
Internally generated assets [1]	54,308	60,450
Effect of changes in the scope of consolidation	-	(340)
Exchange differences	(263)	19
Reclassifications	-	-
Disposals and accelerated amortisation	(372)	(1,838)
Depreciation charge	(50,276)	(44,300)
CLOSING BALANCE	**128,074**	**123,384**

(1) Concerns all capitalised development expenses

13 TANGIBLE FIXED ASSETS

	As at 31 December					
(in thousands of euros)	2016			2015		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	67,181	(58,478)	8,704	62,018	(55,347)	6,671
Others	56,692	(31,976)	24,716	64,966	(43,256)	21,710
TOTAL	**123,874**	**(90,454)**	**33,420**	**126,984**	**(98,603)**	**28,381**

No significant impairment was recorded as at 31 December 2016 and 2015.

Movements in the net value of tangible fixed assets can be analysed as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
OPENING BALANCE	**28,381**	**25,269**
Acquisitions	13,509	13,832
Effect of changes in the scope of consolidation	-	(138)
Exchange differences	(24)	4
Reclassifications	-	-
Disposals and accelerated amortisation	(21)	(37)
Depreciation charge	(8,424)	(10,548)
CLOSING BALANCE	**33,420**	**28,381**

14 OTHER AVAILABLE-FOR-SALE ASSETS

This section includes investment securities classified as available-for-sale assets as defined in standard IAS 39.

15 OTHER NON-CURRENT FINANCIAL ASSETS

The other financial assets essentially comprise the long-term portion of security deposits.

16 NET INVENTORIES

Inventories consist mainly of current service requirements for the production of advertisements (printed and online products) and websites.

Where necessary, these inventories have been written down when sales prospects could entail a risk of a fall in value to below that stated in the balance sheet.

No significant discards were recorded during the 2016 and 2015 financial years.

17 TRADE DEBTORS

The breakdown of the gross value and impairment of trade debtors is as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
Gross trade debtors	344,486	374,002
Provisions for impairment [1]	(20,667)	(20,361)
NET RECEIVABLES BEFORE STATISTICAL IMPAIRMENT	**323,819**	**353,641**
Provisions for statistical impairment [1]	(2,919)	(1,018)
NET TRADE DEBTORS	**320,900**	**352,623**

(1) Cf. note 21 - Changes in provisions for impariment of assets

As at 31 December, trade debtors were due as follows:

			Overdue and not impaired [1]					
(in thousands of euros)	Total [1]	Not due [1]	< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2016	323,819	292,936	14,486	6,182	3,961	2,507	2,270	1,477
2015	353,641	327,930	8,664	6,056	4,512	3,247	2,963	269

(1) Exclusing statistical impairment provisions totalling 2,919 thousand euros as at 31 December 2016 and 1,018 thousand euros as at 31 December 2015

The Group's portfolio of trade debtors does not present a significant risk of concentration (about 500,000 advertisers, including 480,000 with PagesJaunes in France). In France, PagesJaunes' 20 largest advertisers represent 1.6% of these revenues (compared to 1.5% in 2015) and advertisers in the 10 largest business sections represent 13.9% of PagesJaunes revenues (14.2% in 2015). Provisions for bad debts remain at a very low level, with net provisions amounting to 0.4% of revenues in 2016 compared to 0.1% in 2015.

18 ACQUISITION COSTS OF CONTRACTS

Acquisition costs of contracts represent the variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media. These direct and incremental costs in obtaining customer contracts are capitalised on the balance sheet in this item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

19 OTHER CURRENT ASSETS

The other current assets are made up as follows:

	As at 31 December	
(in thousands of euros)	2016	2015
VAT receivable	20,114	17,161
Sundry accounts receivable	206	92
Trade payables - Advances and instalments	3,491	3,310
Other current assets	6,717	3,533
TOTAL	**30,528**	**24,096**

20 CHANGES IN PROVISION FOR IMPAIRMENT OF ASSETS

(in thousands of euros)	Balance at start of période	Allowances	Releases of unused provisions	Release of used provisions	Other movements (1)	Balance at end of period
2015						
Trade debtors	22,846	9,806	(740)	(8,840)	(1,693)	21,379
Other assets	-	-	-	-	-	-
2016						
Trade debtors	21,379	8,783	(831)	(5,745)	-	23,586
Other assets	-	-	-	-	-	-

(1) In 2015, selling of Horyzon Media and Sotravo and acquisition of Effilab

Application of a provision rate according to the age of the receivables based on the collection history.

21 SHARE-HOLDERS' EQUITY

21.1 Share capital

The share capital of SoLocal Group is now comprised of 38,876,564 shares each with a par value of 6.00 euros, which is a total amount of 233,259,384 euros (before deduction of treasury shares).

21.2 Other reserves and other comprehensive income

The other consolidated reserves and other comprehensive income were negative in an amount of 1,927.7 million euros as at 31 December 2016 (1,947.3 million euros as at 31 December 2015) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of 2,519.7 million euros;
- actuarial differences relating to retirement benefits (IAS 19) for a negative amount of 11.6 million euros;
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of 57.0 million euros (61.5 million euros as at 31 December 2015), cf. note 24.

21.3 Own shares

Through the liquidity contract, the Company held 82,722 of its own shares as at 31 December 2016 compared to 82,850 on 31 December 2015, stated as a deduction from equity.

21.4 Dividends

SoLocal Group did not distribute any dividends in 2016 or in 2015.

22 TRADE CREDITORS

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

23 PERSONNEL BENEFITS, PROVISIONS AND OTHER LIABILITIES

These are made up as follows:

(in thousands of euros)	As at 31 December 2016	2015
Post-employment benefits	78,205	75,562
Other long-term benefits	9,859	9,425
NON-CURRENT PERSONNEL BENEFITS (1)	**88,064**	**84,986**
Other Provision for risks	8,807	27,703
Provisions for social or fiscal disputes	12,270	5,951
NON-CURRENT PROVISIONS	**21,077**	**33,654**

(1) Cf. details in the following note. Non-current personnel benefits concern the French companies

(in thousands of euros)	As at 31 December 2016	2015
Personnel (1)	70,163	68,146
Social organisations	46,328	52,759
TOTAL CURRENT PERSONNEL BENEFITS	**116,491**	**120,904**
VAT payable	70,308	72,666
Sundry accounts payable	6,509	5,770
Other current liabilities	6,844	5,728
OTHER CURRENT LIABILITIES	**83,662**	**84,163**

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses

Movements in provisions were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	56,401	6,297	(2,000)	(174)	-	60,524
Other Provision for risks	10,221	2,911	(189)	(22,526)	609	(8,974)
TOTAL PROVISIONS	**66,622**	**9,208**	**(2,189)**	**(22,700)**	**609**	**51,550**
of which non current	*33,654*	*9,179*	*(2,189)*	*(19,765)*	*198*	*21,077*
of which current	*32,968*	*29*		*(2,935)*	*411*	*30,473*

The provisions booked primarily cover social or fiscal disputes.

Pagesjaunes SA underwent a tax reassessment, notified in 2014 and in 2015, in terms of a portion of the research tax credits for 2010, 2011, 2012 and 2013. The rectifications, which were disputed, are based in particular on a divergence in interpretation in tax doctrine between PagesJaunes SA and the administration.

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2016	Post-employment benefits	Other long-term benefits	Total 31 December 2016
Change in value of commitments						
Total value of commitments at start of period	75,961	9,725	85,685	80,483	9,957	90,440
Cost of services rendered	4,795	660	5,454	4,685	662	5,347
Discounting cost	1,696	210	1,906	1,637	198	1,835
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	-	-	-	-	-	-
Reductions/liquidations	(5,820)	(332)	(6,152)	(1,208)	(72)	(1,280)
Actuarial (gains) or losses	2,472	155	2,627	(9,290)	(792)	(10,081)
Benefits paid	(495)	(259)	(754)	(346)	(228)	(574)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-
Others	(1)	-	(1)	-	-	-
TOTAL VALUE OF COMMITMENTS AT END OF PERIOD (A)	**78,607**	**10,159**	**88,766**	**75,962**	**9,725**	**85,686**
Commitments at end of period relating to fully or partly financed schemes	-	-	-	-	-	-
Commitments at end of period relating to non-financed schemes	*78,607*	*10,159*	*88,766*	*75,962*	*9,725*	*85,686*
CHANGE IN COVER ASSETS						
Fair value of cover assets at start of period	-	-	-	-	-	-
Financial income from cover assets	-	-	-	-	-	-
Gains/losses on cover assets	-	-	-	-	-	-
Contributions paid by the employer	-	-	-	-	-	-
Contributions paid by the employees	-	-	-	-	-	-
Reductions/liquidations	-	-	-	-	-	-
Benefits paid by the fund	-	-	-	-	-	-
Change in scope	-	-	-	-	-	-
Others (translation differences)	-	-	-	-	-	-
FAIR VALUE OF COVER ASSETS AT END OF PERIOD (B)	**-**	**-**	**-**	**-**	**-**	**-**
Financial cover						
Situation of the scheme (A) – (B)	78,607	10,159	88,766	75,962	9,725	85,686
Unrecognised actuarial gains or (losses)	-	-	-	-	-	-
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Provision / (assets) at end of period	78,607	10,159	88,766	75,962	9,725	85,686
of which provision / (asset) short term	*402*	*300*	*702*	*400*	*300*	*700*
of which provision / (asset) long term	*78,205*	*9,859*	*88,064*	*75,562*	*9,425*	*84,986*
Pension charge						
Cost of services rendered	4,795	660	5,454	4,685	662	5,347
Discounting costs	1,696	210	1,906	1,637	198	1,835
Expected return on scheme assets	-	-	-	-	-	-
Amortisation of actuarial (gains) or losses	-	155	155	-	(792)	(792)
Amortisation of cost of past services	-	-	-	-	-	-
Effect of reductions/liquidations	(5,820)	(332)	(6,152)	(1,208)	(72)	(1,280)
Assignments/transfers of activity	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
TOTAL PENSION CHARGE	**671**	**693**	**1,364**	**5,114**	**(4)**	**5,110**
Movements in the provision / (asset)						
Provision / (assets) at start of period	75,961	9,725	85,685	80,483	9,957	90,440
Pension charge	671	693	1,364	5,114	(4)	5,110
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(495)	(259)	(754)	(346)	(228)	(574)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Actuarial gains or (losses)	2,472	-	2,472	(9,290)	-	(9,290)
Others	(1)	-	(1)	(0)	-	(0)
Provision / (assets) at end of period	78,607	10,159	88,766	75,962	9,725	85,686
Assumptions						
Discount rate (%)	1.50%	1.50%	1.50%	2.25%	2.25%	2.25%
Expected long-term inflation rate (%)	2.0%		2.00%	2.0%		2.0%
Expected long-term salary growth (%)	dependent on employee category and age			dependent on employee category and age		
Expected yield on scheme assets (%)	1.50%	-	-	2.25%	-	-
Probable residual activity period	11.3	11.3	11.3	12.2	12.2	12.2
AMOUNT ENTERED AS A CHARGE IN RESPECT OF THE PERIOD	**671**	**693**	**1,364**	**5,114**	**(4)**	**5,110**

In 2016, the expense stated in respect of defined contribution pension plans amounted to 44.6 million euros.

The discount rate applied in valuing commitments as at 31 December 2016 is 1.50%, compared to 2.25% as at 31 December 2015.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was about between 1.57% and 1.66% for a over 15 year maturity according to Bloomberg.

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

Sensitivity of the discount rate on post-employment benefits (IFC):

A 0.50% increase in the discount rate leads to a decrease in the commitment of about 6.2%, or around 4.7 million euros, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 6.7%, i.e. around 5.2 million euros.

Sensitivity of the discount rate on other long-term benefits (long-service awards):

An increase of 0.50% in the discount rate leads to a decrease in the commitment of 4.2% (less than 1 million euros), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 4.6% (less than 1 million euros).

For all post-employment benefits and other long-term benefits, an increase of 0.5% in the discount rate leads nearly to no impact in the expense for the year.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

(in thousands of euros)	2016	2015	2014	2013	2012
Total value of commitments at end of period	88,766	85,686	90,439	86,209	85,510
Fair value of cover assets at end of period	-	-	-	(30)	(29)
SITUATION OF THE SCHEME	**88,766**	**85,686**	**90,439**	**86,179**	**85,481**
Actuarial (gains) or losses relating to experience - liability	(2,877)	107	(366)	(2,931)	(2,292)
Actuarial (gains) or losses relating to experience - cover asset	-	-	-	-	-

24 STOCK OPTIONS AND FREE SHARES

24.1 Description of the plans

24.1.1 Stock options

Neither SoLocal Group nor any of its subsidiaries granted any stock option plans in 2016 and 2015.

24.1.2 Free shares

The Extraordinary General Meeting of 29 April 2014 authorised the Board of Directors to introduce a free share plan to existing or new shares for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 and following of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of shares granted in respect of this resolution must not exceed 5% of the capital of the Company after the settlement-delivery of the capital increases provided for at this same General Meeting.

On 19 June 2014, the Board of Directors adopted the conditions for a free share plan for 45,221,000 shares. These shares will be finally vested at the end of vesting periods ending on 19 June 2016, 19 June 2017 and 19 June 2018, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

On 09 February 2015, the Board of Directors adopted the conditions for a free share plan for 2,305,000 shares. These shares will be finally vested at the end of vesting periods ending on 09 February 2017, 09 February 2018 and 09 February 2019, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

All of these allocations were carried out before the consolidation of shares of October 2015 which resulted in the multiplication of the nominal by 30.

The grant date applied for the valuation of the expense is the date of the Board of Directors' Meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

24.2 Movements in stock option and free share plans during the year

	Closing balance as at 31 December 2015	Granted	Exercised	Cancelled/ lapsed	Closing balance as at 31 December 2016	Exercise price
Subscription share plans	**236,789**	**-**	**-**	**(17,219)**	**219,570**	
July 2010	50,179	-	-	(6,322)	43,857	127.20 €
December 2010	5,736	-	-	-	5,736	105.09 €
July 2009	45,086	-	-	(4,589)	40,497	99.39 €
December 2009	2,700	-	-	-	2,700	115.86 €
December 2007	133,088	-	-	(6,308)	126,780	214.20 €
Free share plans	**1,475,238**	**-**	**-**	**(102,045)**	**1,373,193**	**Final vesting date**
February 2015	16,665	-	-	-	16,665	09/02/2017
February 2015	16,665	-	-	-	16,665	09/02/2018
February 2015	36,665	-	-	-	36,665	09/02/2019
June 2014	314,980	-	-	(18,610)	296,370	19/06/2016
June 2014	314,980	-	-	(18,610)	296,370	19/06/2017
June 2014	755,070	-	-	(44,612)	710,458	19/06/2018
December 2013	20,212	-	-	(20,212)	-	31/12/2015

As at 31 December 2016, the options of all of the stock option plan can be exercised.

24.3 Description of the valuation models

There was no new granting in 2016 of performance shares or stock options.

24.4 Expense relating to stock option and free grants of shares

The impact of the stock option plans and free grants of shares on the 2016 income statement amounts to 2.3 million euros, given the evolution of the probability rate of performance criteria, compared to 3.1 million euros in 2015. These amounts include the social charges relating to the employer's contribution based on the fair value of the options granted, i.e. 30%.

These plans are expected to be settled through equity instruments.

25 CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

Net financial debt corresponds to the total gross financial debt plus or minus the fair value of derivative asset and/or liability hedging instruments and minus cash and cash equivalents.

	As at 31 December	
(in thousands of euros)	2016	2015
Accrued interest not yet due	27	122
Cash equivalents	10,172	36,602
Cash	80,870	16,971
Gross cash	**91,069**	**53,695**
Bank overdrafts	(56)	(365)
Net cash	**91,013**	**53,330**
Bank loan	783,638	800,483
Bond loan	337,846	350,000
Revolving credit facility drawn	38,395	-
Loans issue expenses	(10,545)	(18,385)
Lease liability	277	708
Price supplements on acquisition of securities	1,988	2,759
Accrued interest not yet due	32,137	4,061
Other financial liabilities	4,045	4,242
Gross financial debt	**1,187,781**	**1,143,868**
of which current	*1,186,440*	*25,603*
of which non-current	*1,341*	*1,118,265*
Net debt	**1,096,768**	**1,090,538**
NET DEBT OF CONSOLIDATED GROUP AND LOAN ISSUE EXPENSES	**1,107,313**	**1,108,923**

Cash and cash equivalents

As at 31 December 2016, cash equivalents amounted to 10.2 million euros and are primarily comprised of UCITS and non-blocked, remunerated, fixed-deposit accounts.

These are managed and valued on the basis of their fair value.

Bank loan (syndicated credit agreement)

The syndicated credit agreement was amended in September 2014 and contains the following financial covenants:

- the ratio of consolidated net debt over consolidated EBITDA (the "**Leverage Ratio**") must be less than or equal to 4.00 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net debt as defined in the agreement with the financial institutions, note that the definition of EBITDA when calculating covenants is different from that of EBITDA reported in these financial statements);
- the ratio of consolidated EBITDA over consolidated net interest expense must be greater than or equal to 3.0 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net expense such as defined in the agreement with the financial institutions);
- if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

The Company's syndicated credit agreement also includes compulsory early repayment clauses benefiting Tranches A7 and B3 including in particular:

- a compulsory early repayment clause applicable in the case of a change in the control in the company resulting from the acquisition of shares of the Company (i.e. the act for one or several persons acting in concert to take control (in terms of article 233-3 of the Commercial Code) of the company as a consequence of the acquisition of Company shares); and
- an early partial repayment clause for each calendar year for a percentage of the cash flows of the consolidated Group less the debt service, with this percentage varying according to the level of the Leverage Ratio (67% if the Ratio is higher than 3.00, 50% if it is between 2.50 and 3.00 and 25% if it is less than 2.50).

The Company's syndicated credit agreement also includes certain commitments (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries and to the benefit of Tranches A7 and B3, including the following commitments in particular:

- obligation to maintain certain authorisations;
- restrictions concerning the granting of sureties;
- restrictions concerning the carrying out of mergers, spin-offs or other restructuring;
- commitment to not change the general nature of the activities of the Company and of the Group with regards to their activity on the conclusion date of the syndicated credit agreement;

- restrictions concerning the financial debt that can be incurred by the Company's subsidiaries; and
- the Company is not allowed to engage in distributing dividends, amortising and reducing its capital and other cash distributions concerning its capital as long as the Leverage Ratio is higher than 3.00.

The Company's syndicated credit agreement finally includes the usual default clauses to the benefit of Tranches A7 and B3 (in particular in cases of payment default, non-compliance with financial covenants of the Company's commitments (including the commitments mentioned hereinabove), cross-default (in particular a default with the Bond Loan) and opening proceedings for the prevention of and handling of company difficulties) allowing lenders to accelerate the term of the loans that they have granted to the Company and to cancel their commitments with regards to the Company's syndicated credit agreement.

These commitments in case of default, as well as the compulsory early repayment clause of the Company's syndicated credit agreement in the event of a change in control do not apply to the Tranche C1.

As at 31 December 2016, bank debt (excluding Tranche C1) can be broken down as follows:

- Tranche A7: at a nominal of 783.6 million euros: maturity March 2018 with a faculty to extend it to March 2020 (with the condition of refinancing the bond loan of 350 million euros before March 2018), repayable *in fine* subject to the partial repayments described hereinabove; and
- B3 revolving credit line: at a nominal of 38.4 million euros and fully drawn as at 31 December 2016, depreciable by 2.7 million euros every quarter a final maturity in March 2018 with a faculty to extend it to March 2020.

The interest of Tranche A7 and the B3 revolving credit line are calculated as follows:

- rate: Margin plus EURIBOR or LIBOR 1,2,3 or 6 months rate as opted by the company (the "Interest periods", payable in arrears of each period of interest;
- late payment interest: 1% increase in the interest rate appliers if the Company does not make payment of the entire amount due in terms of the syndicated credit (excluding Tranche C1), on its due date;
- margin: Percentage per year according to the level of the Leverage Ratio at the end of the most recent reference period (*Accounting Period*), such as indicated in the table hereinbelow:

Leverage Ratio	Margin
Greater than or equal to 3.0: 1	4.00%
Less than 3.0: 1 but greater than or equal to 2.5: 1	3.25%
Less than 2.5: 1	2.50%

Bond Loan and Tranche C1

Moreover, SoLocal Group has, via PagesJaunes Finance & Co SCA, a non-affiliated and consolidated entity, a 350 million euro bond loan of which the income was used by the latter to finance the making available to the Company of a Tranche C1 with regards to the Company's syndicated credit. This loan has a fixed rate of 8.875% and Tranche C1 has a fixed rate of 8.895%, it is repayable on 1 June 2018. As at 31 December 2016, the consolidated amount was 337.8 million euros following the partial repurchase of a portion of the bonds by the group (for a value of 12.2 million euros).

Bank and bond loans are pledged as collateral on PagesJaunes shares held by SoLocal Group.

As at 30 June 2016, the leverage covenant in SoLocal Group's syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line B3 and Bond debt) has been reclassified as current debt.

Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

PagesJaunes Finance & Co SA and the Company have signed a separate agreement that provides for certain commitments in particular (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries and to the benefit of Tranche C1, including in particular commitments concerning the same subjects as those provided for in the Company's aforementioned syndicated credit agreement and the following commitments:

- restrictions concerning the financial debt that can be incurred by the company and its subsidiaries; and
- prohibition to carry out certain payments in particular with regards to distributing dividends, acquisitions and granting loans.

In the event of a change in the control of the company such as defined in the bond documentation, the Company will have to pay PagesJaunes Finance & Co SCA (who is to date the sole lender with regards to the Tranche C1) an amount with regards to the Tranche C1 such that it will allow PagesJaunes Finance & Co SCA to buy back bonds from bond holders who so desire with regards to the aforementioned bond loan.

According to the terms of the Bonds, the following constitute a case of a change in the control:

i. the selling, in one operation or in a series of linked operations, of all or substantially all of the Company's assets;
ii. the adopting of a liquidation plan for the Company;
iii. the case where one or several persons acting in concert were to hold shares representing more than 50% of the Company's voting rights; or
iv. the replacing of most of the members of the Board of Directors of the Company with non-co-opted directors or not approved by the Board of Directors (measured over a sliding period of 24 months).

<u>In case of a change in control:</u>

i. the issuer, PagesJaunes Finance & Co SCA, has the obligation to propose to the bond holder to repurchase their Bonds at a price equal to 101% of their nominal; and
ii. the share of Tranche C1 that corresponds to 101% of the nominal amount of the Bonds for which repurchasing is requested by the bond holders becomes due (i.e. a maximum amount of 101% of 350 million euros).

Loans issue expenses

Loans issue expenses are 10.5 million euros as at 31 December 2016 and will be fully amortized to the extinguishment of the debt to be expected at the effective implementation of the financial restructuring plan. This will represent an expense before deferred taxes of 10.5 million euros without any cash impact.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2014 and 2015, price supplements may be paid in 2017 and 2018 if certain operating performance conditions are fulfilled. As at 31 December 2016, these were estimated to be 2.0 million euros.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-Mer, a wholly owned non-consolidated subsidiary of SoLocal Group and the pre-financing of the CICE (Tax Credit for Competition and Employment).

26 DEFERRED INCOME

Deferred income decreased from 483.3 million euros as at 31 December 2015 to 408.3 million euros as at 31 December 2016. This drop must be examined with the significant drop in the level of the "Print & Voice" business, a deformation in the product mix towards products with a shorter lifespan and, to a lesser degree, a prospecting rate that continues to change slightly following the transformation phase of the Group's commercial activity.

27 FINANCIAL INSTRUMENTS

27.1 Financial Instruments in the balance sheet

(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Available-for-sale assets	188	-	-	188	-	-	-
Other non-current financial assets	6,263	-	-	-	6,263	-	-
Net trade accounts receivable	320,900	-	-	-	320,900	-	-
Other current financial assets	21,408	21,408	-	-	-	-	-
Cash equivalents	10,172	10,172	-	-	-	-	-
Cash	80,897	80,897	-	-	-	-	-
FINANCIAL ASSETS	**439,828**	**112,477**	**-**	**188**	**327,163**	**-**	**-**
Non-current financial liabilities and derivatives	1,341	1,240	-	-		101	-
Bank overdrafts and other short-term borrowings	1,154,359	748	-	-		1,153,611	-
Accrued interest	32,137	-	-	-		32,137	-
Trade accounts payable	98,889	-	-	-		98,889	-
FINANCIAL LIABILITIES	**1,286,726**	**1,988**	**-**	**-**		**1,284,738**	**-**

As at 31 December 2016, the market value of the bank and bond loans was 717.2 million euros, compared to a carrying value of 1,159.9 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2013	Market value
Bank borrowing - facility A7	783,638	61.8%	484,288
Senior secured notes PagesJaunes Finance & Co SCA	337,846	62.0%	209,465
Revolving credit - facility RCF 3	38,395	61.0%	23,421
LOANS	**1,159,879**	**61.8%**	**717,174**
Other debts incl. debt costs	(6,167)	-	(6,167)
CURRENT FINANCIAL LIABILITIES AND DERIVATIVES	**1,153,712**	**61.6%**	**711,007**

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;
- level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data); and
- level 3: data relating to assets or liabilities not based on observable market data (non-observable data).

In the 2016 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

27.2 Effect of financial instruments on income

		Breakdown according to IAS 39					
(in thousands of euros)	Impact in profit and loss	Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Interest income	1,425	1,425	-	-	-	-	-
Interest expenses	(73,340)	25	-	-	-	(73,365)	-
Gain (loss) on foreign exchange	(25)	-	-	-	(25)	-	-
Net gains / (net losses)	**(71,940)**	**1,450**	**-**	**-**	**(25)**	**(73,365)**	**-**
Accretion cost	(1,907)						
NET FINANCIAL INCOME (CF. NOTE 8)	**(73,847)**						

28 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT POLICY OBJECTIVES

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- SoLocal Group, and the consolidated Groupe SoLocal, are net borrowers and, in this context, the prime objective of SoLocal Group is to secure and thus limit the cost of its debt;
- since the Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt according to a different timescale, the Groupe SoLocal produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking and bond documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by consolidates EBITDA and the maximum leverage, measured by the relationship between the consolidated net debt and consolidated EBITDA. Note that the EBITDA used in calculating these bank covenants differs from that used in these financial statements.

The Group has set a goal to reduce its financial leverage. As at 31 December 2016, this ratio was higher than the maximum of 4.00 times specified in the bank documentation.

With a net debt of 1,096.8 million euros as at 31 December 2016 (cf note 1.3), the financial leverage covenant of the Group comes out at more than 4.00 times the consolidated EBITDA as defined in the contract concluded with the financial institutions. Consequently the Group is not observing its bank covenant on financial leverage as at 31 December 2016. However it is observing all the other bank covenants. This confers on the creditors the right to pronounce at any time (subject to the essential provisions of the French Commercial Code) the immediate payability of SoLocal Group'sentire financial debt, i.e. 1,172.0 million euros (as at 31 December 2016, own debt not deducted detailed below and excluding accrued interest not yet due).

(in thousands of euros)	As at 31 December 2016
Bank borrowing	(783,638)
Bond loan	(350,000)
Repurchase of bond loan [1]	12,154
Revolving credit facility	(38,395)
Borrowing & revolving credit facility	**(1,159,879)**
FINANCIAL DEBT OF SOLOCAL GROUP, OWN DEBT NOT DEDUCTED	**(1,172,033)**

(1) Own debt (cf. note 25)

However the adoption of the second project of the amendment to the "plan de sauvegarde financière accélérée" by the Nanterre Commercial Court on 22 December 2016 in accordance with the decision of the Nanterre Commercial Court of 9 May 2014, creditors have decided not to trigger the immediate payability of the financial debt.

A financial restructuring plan was finalised at the end of 2016 leading to a drastic reduction in the Group's debt and the setting up of a new credit agreement. This plan will be implemented in the 1st quarter of 2017. Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

Exchange rate risk

SoLocal Group considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

Interest rate risk

SoLocal Group is exposed to the risk of interest rate fluctuations insofar as all of the bank debt is at a variable rate. In an environment of low rates, the Group feels that it is not in its best interest to hedge this short-term interest rate risk.

The main features of the Group's banking debt are stated in note 25 (Cash and Cash equivalents, net financial debt).

Following the non-compliance as at 30 June, of the bank covenant on financial leverage for the syndicated credit, all of the debts (tranche A7, B3 RCF line and bond debt) was reclassed as current debt.

Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

In this context, the sensitivity tests are not pertinent.

Liquidity risk

The Group SoLocal has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a SoLocal Group pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.

In the context of the financial restructuring, the constraints that apply to cash pooling were reinforced especially with the capping of cash from PagesJaunes to SoLocal Group.

Credit risk

SoLocal Group is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. SoLocal Group limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2016, SoLocal Group was exposed to an extent of 10.2 million euros in respect of its investment operations (cf. note 25 – Cash equivalents).

Furthermore, the management procedure for SoLocal Group's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

Equity risk

SoLocal Group considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

29 INFORMATION ON RELATED PARTIES

29.1 Remuneration of executive committee and board of directors members

The table below shows the remuneration of persons who were members of SoLocal Group's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the SoLocal Group Board of Directors.

	As at 31 December	
(in thousands of euros)	2016	2015
Short-term benefits (1)	6.700	5.503
of which employer charges	*1.928*	*1.561*
Post-employment benefits (2)	49	37
Other long term benefits (3)	1	1
End-of-contract benefits (4)	-	-
Equity benefits (5)	(1.035)	495
TOTAL	**5.716**	**6.036**

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts
(2) Pensions, annuities, other benefits
(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date)
(4) Severance pay, non-competition clause compensation, including social charges
(5) Share-based payment including social charges relating to free grants of shares and stock options

In 2016, the charge in respect of defined-contribution pension plans amounted to 0.4 million euros (0.3 million euros in 2015).

29.2 Transactions with related parties

The Board of Directors of SoLocal Group, meeting on 17 May 2009, appointed Jean-Pierre Remy Chief Executive Officer of the company effective 25 May 2009. Since Jean-Pierre Remy does not benefit from an employment contract, the Board of Directors decided to implement severance pay in the event of forced departure from the company in connection with a change in control or strategy or implementation, the sum of which will be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the performance obligation

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination. SoLocal Group will have the ability to release Jean-Pierre Remy of this non-competition obligation (in that case the compensation will not have to be paid).

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011.

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), subject to fulfilment of the performance condition. The amount of this severance pay shall equal 12 months of remuneration calculated based on the average monthly total gross remuneration paid during the 12 months of activity preceding the date of cessation of duties.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group.

30 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET COMMITMENTS

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2016 Total	2016 Payments due per period: Less than 1 year	In 1 to 5 years	In more than 5 years	2015 Total
OPERATING LEASES	**141,179**	**22,984**	**59,666**	**58,529**	**152,406**
Paper, printing, distribution (1)	1,601	1,601	-	-	1,629
Other services (2)	13,051	8,621	4,430	-	6,356
COMMITMENTS FOR PURCHASES OF GOODS AND SERVICES	**14,652**	**10,222**	**4,430**	**-**	**7,985**
TOTAL	**155,831**	**33,206**	**64,096**	**58,529**	**160,391**

(1) See details in the table below

(2) The «Other services» section includes all firm orders placed as at 31 December 2016 for goods and services deliverable from 2017

Leases

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next six years.

The Management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to 19.9 million euros in 2016 (18.1 million euros in 2015).

In 2014 and 2015, SoLocal Group subscribed to commercial lease contracts for future completion signed with two separate investors, for premises located in the towers of a real estate complex currently being rehabilitated called Citylights, located in Boulogne-Billancourt.

The lease contracts for future completion were irrevocably signed for a firm period of 10 years, as SoLocal Group has renounced its 3-year termination faculty until the end of the firm period of the lease contracts. The lease contracts took effect on 9 May 2016, with an expiry date for each one of the lease contracts set to 8 May 2026.

These leased premises have a surface area of 35,702 m^2, for a commitment for these contracts over the remaining period starting on 1 January 2017, of 117.8 million euros (excluding expenses and rent indexing).

Security deposits for an amount of 4.1 million were paid subsequent to moving into the premises at Boulogne-Billancourt.

As at 31 December 2016, the Group's commitment under all leases amounted to 141.2 million euros, of which 23.0 million euros is payable in under one year.

Commitments for purchases of goods and services

Production of directories

For the production and distribution of its printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

A contract has been concluded with an exclusive printer covering the editions of the years 2014 to 2016. This contract does not entail any volume commitment.

A twelve-month contract effective 1 February 2016 was signed with a paper supplier, specifying the rates payable for the supply by the printer of directory paper, with no volume commitment.

The printer obtains his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2016, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of 1.6 million euros, as detailed in the table below:

Contractual obligations (in thousands of euros)	2016 Total	2016 Payments due per period: Less than 1 year	In 1 to 5 years	In more than 5 years	2015 Total
Paper	665	665	-	-	1,286
Printing	463	463	-	-	343
Distribution	473	473	-	-	-
TOTAL	**1,601**	**1,601**	**-**	**-**	**1,629**

Other commitments given

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group.

Other commitments received

SoLocal Group has a revolving credit facility of 38.4 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was drawn as at 31 December 2016.

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations (in thousands of euros)	2016				2015
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operation leases - lessor	-	-		-	23
Other services	6,020	6,020	-	-	2,433
TOTAL	**6,020**	**6,020**	**-**	**-**	**2,456**

Special purpose vehicles

In 2011, SoLocal Group issued a bond loan amounting to 350 million euros through PagesJaunes Finance & Co SCA, an entity specifically dedicated to this transaction (cf. note 25). This entity is fully consolidated.

The Group did not create any deconsolidation structures during the reporting periods.

It has no contractual obligations towards special purpose vehicles.

31 DISPUTES AND LITIGATION

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only constituted for expenses that may result from such proceedings where they are considered likely and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, the entities of the Group are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

During the year 2013, PagesJaunes had to be reorganised again in order to guarantee its sustainability faced with a constantly changing and highly competitive professional environment. A project on changes in the model and the organisation of PagesJaunes was presented to the staff representation bodies concerned in September 2013. In parallel, Management negotiated with the representative trade unions, a majority agreement concerning the measures for the social support. This agreement was signed on 20 November 2013. At the end of this work with the staff representatives, this plan called for reorganisation along with modifications in the employment contracts of the sales force, a project without direct lay-offs for which the net global balance, however, is the creation of 48 additional jobs within the company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

As 311 employees refused the amendment to their employment contract linked to this reorganisation implemented at the end of 2013, 280 of them were made redundant. One employee of the company decided to dispute the validation of the collective agreement relating to the job safeguarding plan before the administrative courts. The Versailles Administrative Court of Appeal, in a judgement of 22 October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22 July 2015, the Conseil d'Etat rejected the recourse of PagesJaunes and of the Minister of Labour, on the same argument of pure form. In this framework, a set of proceedings are currently in progress with the administrative as well as judicial courts. To date, 4 administrative proceedings are in progress (3 at the initiative of employees with the Cergy-Pontoise tribunal administratif for cancellation of the decisions for redundancy authorisations, and recourse at the initiative of PagesJaunes with this same court against a decision to refuse authorisation on hierarchical recourse filed by another employee).

Moreover, more than 200 legal proceedings have been brought before industrial tribunals by employees in regard to the consequences of the setting aside of the administrative decision to validate the collective agreement relating to the job safeguarding plan by the Versailles Court of Appeal, which permits them to claim a fixed compensation.

On the date of this document, 103 decisions were rendered based on merit. For a very large majority, these decisions reject the requests concerning the nullity of the redundancy and the fixed compensation consequences that stem from this, observing that the redundancy is based on a real and serious cause and rejecting the requests concerning the challenging of the economic reason, but pronouncing sentences for payment based on article L1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages. More precisely 21 decisions pronouncing a sentencing for six months and 67 decisions pronouncing a sentencing for seven months and 2 decisions pronouncing sentencing for 9 and 10 months of wages, also based on L1235-16 of the Labour Code.

Furthermore, certain decisions give rights to related requests: some relating to particular situations, others concern the payment of a supplement to the conventional redundancy compensation paid in the final settlement for all accounts.

A few judgements have different positions: one judgement pronounced the nullity of the redundancy and ordered stiffer compensation convictions, 2 judgements pronounced the legal cancellation of the employment contracts of the employees (this is a particular case who had initiated legal action before they were made redundant) and 6 judgements concerned the requests of the redundant employee were entirely rejected concerning the compensation for their redundancy or declared their requests as inadmissible.

The decisions concerning the other requests initiated with the courts will be pleaded during the year 2017.

Finally, a certain number of dossiers are currently being appealed either at the initiative of PagesJaunes or at the initiative of the employees, dossiers for which no calendar concerning the proceedings has been set.

The company recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of the employee claims courts. Many actions of legal recourse have been initiated by SoLocal Group to dispute these decisions. As at 31 December 2016, the remaining provision on the statements was 27.8 million euros.

The company continued with the deployment of its reorganisation and therefore relaunched a PSE (Job Safeguard Procedure) procedure for the employees that were not able to be made redundant due to this invalidation. Among the employees concerned by this plan, 4 employees still under employment, formed before the Cergy-Pontoise Tribunal administratif an application for annulment of the approval decision of the DIRECCTE (in the absence of an agreement, a unilateral document was drawn up by the company and approved by the DIRECCTE on 22 April 2016). These 4 employees furthermore filed claims for compensation in the framework of legal proceedings for the judicial cancellation of their employment contracts brought before the employee claims court of Boulogne-Billancourt and Nantes. The proceedings initiated before the Cergy Pontoise Tribunal administratif and the employee claims court of Boulogne - Billancourt and of Nantes have come to an end and the employees have withdrawn.

Eleven advertising agencies have referred to the French Competition Authority for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), requesting the pronouncement of interim measures based on article L.464-1 of the Commercial Code. In a ruling of 22 November 2012, the French Competition Authority accepted the commitments proposed by PagesJaunes, which closes this dispute. These commitments came to an end on 31 March 2016.

A former distributor commenced legal proceedings against PagesJaunes for sudden break of established business relationships on 7 July 2016 before the Tribunal de Commerce de Paris. PagesJaunes, which formally challenged all of the requests presented, recorded in its accounts for 2016 a provision according to the requirements and the criteria usually retained and was classed as a non-recurring item. The next hearing to be held on 17 March 2017 will be dedicated to submissions to PagesJaunes.

In 2010, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The company was notified of an adjustment for an amount of 2.2 million euros. This risk was fully provisioned as at 31 December 2010. The adjustment of PagesJaunes was confirmed by the Urssaf arbitration committee, then by the Social Affairs court of Bobigny in a ruling of 6 March 2014 in the framework of recourse initiated by PagesJaunes. PagesJaunes filed to appeal this ruling with the Paris Cour d'appel for a balance of 1.4 million euros.

In 2016, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2013, 2014 and 2015 financial years. The company was notified of an adjustment for an amount of 3 million euros. Disputing this adjustment in part, the risk was provisioned as at 31 December 2016.

PagesJaunes is undergoing a tax audit concerning financial years 2010 to 2013 and has received a proposals for a reassessment concerning the Research Tax Credit. The company considered the reassessments as unfounded and has challenged them with the tax administration. A hierarchical recourse took place on 19 July 2016 and departmental intervention on 28 November 2016. The departmental contact abandoned a part of the reassessments. The company is going to initiate a dispute in order to challenge the remaining reassessments. According to this background, it has booked a provision in order to cover the risks.

On 23 December 2016, Mr Benjamin Jayet commenced legal proceedings against the Company for urgent application with the President of the Tribunal de commerce of Nanterre by soliciting the suspension of the implementation of resolutions 1 to 7 submitted to vote to the Company's general assembly of 15 December 2016 (concerning the financial restructuring). By order of the President of the Tribunal de commerce of Nanterre of 13 January 2017, Mr Benjamin Jayet's request was rejected. The latter appealed the ruling on 18 January 2017.

On 3 January 2017, Mr Benjamin Jayet corrected a declaration within which third parties may enter objection with the Tribunal de commerce of Nanterre against the judgement of 22 December 2016 that had ruled on the modification of the Company›s accelerated financial safeguard procedure plan. In a ruling of 31 January 2017, the Tribunal de commerce of Nanterre pronounced the inadmissibility of the third-party opposition formed by Mr Benjamin Jayet and all of his requests were rejected.

On 17 January 2017, Mr Benjamin Jayet commenced proceedings against the Company before the Tribunal de commerce of Nanterre in order obtain a decision based on merit on the validity of the decisions taken during the general assembly of 15 December 2016.

Moreover, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. As at 31 December 2016, there were nine, representing total claims about 0.5 million euros. In these proceedings, the Group entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group's financial position.

32 INFORMATIONS ON CONTINUED AND DISPOSED ACTIVITIES, AS AT 31 DECEMBER 2016

	As at 31 December							
	2016				2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
(in thousands of euros)			Recurring	Non recurring			Recurring	Non recurring
Revenues	812,277	-	812,277	-	877,959	5,317	872,642	-
Net external expenses	(214,817)	-	(214,817)	-	(217,051)	(8,818)	(208,232)	-
Staff expenses	(368,455)	-	(368,455)	-	(400,051)	(5,966)	(394,085)	-
Recurring EBITDA	**229,005**	**-**	**229,005**	**-**	**260,858**	**(9,467)**	**270,325**	**-**
Non recurring items	(5,130)	-	-	(5,130)	(49,730)	(630)	-	(49,100)
EBITDA	**223,875**	**-**	**229,005**	**(5,130)**	**211,128**	**(10,097)**	**270,325**	**(49,100)**
Depreciation and amortisation	(60,643)	-	(60,643)	-	(68,325)	(16,166)	(52,159)	-
Operating income	**163,232**	**-**	**168,362**	**(5,130)**	**142,803**	**(26,263)**	**218,166**	**(49,100)**
Financial income	1,425	-	1,425	-	1,923	-	1,923	-
Financial expenses	(75,247)	-	(75,247)	-	(85,535)	(2)	(85,533)	-
Gain (loss) on foreign exchange	(25)	-	(25)	-	-	-	-	-
Net financial expense	**(73,847)**	**-**	**(73,847)**	**-**	**(83,612)**	**(2)**	**(83,610)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**89,384**	**-**	**94,514**	**(5,130)**	**59,298**	**(26,265)**	**134,663**	**(49,100)**
Corporate income tax	(40,428)	-	(42,195)	1,766	(32,649)	10,386	(62,103)	19,068
Income for the period	**48,956**	**-**	**52,320**	**(3,364)**	**26,649**	**(15,879)**	**72,560**	**(30,032)**

Consolidated cash flow statement

	As at 31 December					
	2016			2015		
(in thousands of euros)	Consolidated	Divested activities	Continued activities	Consolidated	Divested activities	Continued activities
Recurring EBITDA	229,005	-	229,005	260,858	(9,467)	270,325
Non monetary items included in EBITDA	8,150	-	8,150	9,703	(48)	9,751
Net change in working capital	(56,282)	-	(56,282)	(7,760)	2,787	(10,547)
Acquisition of tangible and intangible fixed assets	(69,055)	-	(69,055)	(76,075)	(543)	(75,532)
Recurring operational cash flow	**111,818**	**-**	**111,818**	**186,726**	**(7,271)**	**193,997**
Cash financial income	(35,997)	-	(35,997)	(79,440)	(1)	(79,439)
Cash non recurring items	(32,581)	-	(32,581)	(28,955)	(1,084)	(27,871)
Corporation tax paid	(12,578)	-	(12,578)	(20,024)	(104)	(19,920)
Free cash flow	**30,662**	**-**	**30,662**	**58,306**	**(8,460)**	**66,766**
Increase (decrease) in borrowings and bank overdrafts	1,726			(33,777)		
Capital increase net of costs	0			2,411		
Others	5,295			(17,188)		
Net cash variation	**37,683**			**9,752**		
Net cash and cash equivalents at beginning of period	53,330			43,578		
Net cash and cash equivalents at end of period	**91,013**			**53,330**		

33 AUDITORS' FEES

(in thousands of euros)	Beas / Deloitte & Associates				Auditex / Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**339**	**386**	**55%**	**83%**	**308**	**393**	**41%**	**79%**
• including SoLocal Group	125	133	20%	29%	125	133	17%	27%
• including fully consolidated subsidiaries	214	253	35%	55%	184	259	24%	52%
Other procedures and services in relation to the mission of the Company Auditors	**281**	**77**	**45%**	**17%**	**445**	**104**	**59%**	**21%**
• including SoLocal Group	272	77	44%	17%	440	96	58%	19%
• including fully consolidated subsidiaries	9	-	1%	0%	5	8	1%	2%
SUBTOTAL	**619**	**463**	**100%**	**100%**	**753**	**497**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security-related	-	-			-	-		
Others	-	-			-	-		
SUBTOTAL	**-**	**-**			**-**	**-**		
TOTAL	**619**	**463**	**100%**	**100%**	**753**	**497**	**100%**	**100%**

34 SCOPE OF CONSOLIDATION

Entities	Country	As at 31 December 2016		As at 31 December 2015	
		Interest	Control	Interest	Control
Fully consolidated companies					
SoLocal Group (consolidating)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
SOMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Retail Explorer	France	100%	100%	100%	100%
Leadformance	France	100%	100%	100%	100%
Net Vendeur	France	100%	100%	100%	100%
Digital To Store	United Kingdom	100%	100%	100%	100%
Horyzon Worldwide (1)	Spain	-	-	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
PagesJaunes Resto	France	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	-	-	- (*)	- (*)
Effilab	France	100%	100%	100%	100%
Effilab Australie (3)	Australia	51%	51%	-	-
Effilab Dubaï (2)	United Arab Emirates	51%	51%	-	-

(1) Merger with QDQ Media retroactively on 1 January 2016
(2) Created on 1 January 2016
(3) Created on 7 March 2016
(*) Material misstatement in the consolidate financial statements as at 31 December 2015, consolidation based on sole control as indicated in «Note 26 - Cash and cash equivalents, net financial debt» and «Note 31 - Contractual obligations and off-balance-sheet commitments» in the consolidate financial statements for 2015

35 EVENTS SUBSEQUENT TO THE CLOSING DATE

None

INTRODUCTORY NOTE

This additional note has for purpose to supplement and clarify the elements presented in the audited consolidated financial statements pertaining to the period ended 31 December 2016. These ad hoc supplements do not question the true and fair view of the financial position, the financial performance and the cash flow of the Group. The paragraphs hereinafter are presented with the same numbering as those of the notes to the consolidated financial statements of the SoLocal Group as at 31 December 2016 to which the additional information provided relates.

7 NON-RECURRING ITEMS

In 2016, non-recurring items represent an amount of 5.1 million euros. These primarily concern restructuring costs (0.9 million euros), a supplier dispute in the framework of restructuring the costs of printed directories (1.5 million euros) and exceptional personnel expenses for securing the continuity of the business in a context of high uncertainty in line with the financial restructuring (2.7 million euros).

In 2015, non-recurring items pertain to restructuring costs (49.4 million euros). They include the costs concerning the voluntary departure plan less the reversal of the provision linked to retirement commitments and long-term benefits for 8.4 million euros, a provision concerning disputes with the PSE (job safeguarding plan) for 35 million euros and for the balance, to other restructuring costs among which those concerning divested activities.

10 EARNINGS PER SHARE

In 2016, net income amounted to 49.0 million euros. The average number of ordinary shares in circulation was 38.8 million, after deduction of own shares. Net earnings per share for the consolidated group therefore amounted to 1.26 euro.

As the probability of achieving the performance criteria for the current plans is considered to be zero (cf. note 24) and the stock option outside of the money, there is no need to consider potentially dilutive shares in calculating the diluted earnings per share for 2016; the latter is therefore also 1.26 euro per share.

17 TRADE DEBTORS

As at 31 December, trade debtors were due as follows:

(in thousands of euros)	Total[1]	Not due[1]	Overdue and not impaired[1]					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2016	323,819	299,702	7,720	6,182	3,961	2,507	2,270	1,477
2015	353,641	327,930	8,664	6,056	4,512	3,247	2,963	269

(1) Excluding statistical impairment provisions totalling 2,919 thousand euros as at 31 December 2016 and 1,018 thousand euros as at 31 December 2015

23 PERSONNEL BENEFITS, PROVISIONS AND OTHER LIABILITIES

Movements in provisions for risks were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	56,401	7,751	(2,000)	(14,479)	411	48,084
Other Provision for risks	10,221	1,457	(189)	(8,221)	198	3,466
TOTAL PROVISIONS	**66,622**	**9,208**	**(2,189)**	**(22,700)**	**609**	**51,550**
• *of which non current*	*33,654*	*9,179*	*(2,189)*	*(19,765)*	*198*	*21,077*
• *of which current*	*32,968*	*29*		*(2,935)*	*411*	*30,473*

Other provisions for risks are primarily comprised as at 31 December 2016 of costs for putting the old premises back into condition and double rents as well as supplier disputes.

Changes in provisions for social and fiscal disputes can be explained primarily by:

- the PSE / PDV reversals corresponding to the amounts paid;
- the allowances mainly concerning an additional provision on various URSSAF controls.

Changes in the other provisions for risks can be explained primarily by:

- the assessment of a risk in the context of a dispute;
- the reversal for 8 million euros in the provision on the premises following the transfer of the head office and the grouping together of the various subsidiaries of the Group at Boulogne-Billancourt in 2016.

25 CASH AND CASH EQUIVALENTS, NET FINANCIAL DEBT

Price supplements on acquisition of securities

As part of the acquisitions completed in 2014 and 2015, price supplements may be paid in 2017 and 2018 if certain operating performance conditions are fulfilled. As at 31 December 2016, these were booked as financial debt for an estimated amount of 2.0 million euros and primarily concern an acquisition made at the end of 2015 (Effilab). For this acquisition, there are two performance conditions. They concern the development and the sale of products. The theoretical maximum for these price supplements over the period from 2016 to 2018 is 5.0 million euros. The debt recognised takes account of the actual performance recorded in 2016, and of a completion rate estimated at 37% for the performance for financial periods 2017 and 2018.

27 FINANCIAL INSTRUMENTS

27.1 Financial instruments in the balance sheet

	Breakdown according to IAS 39						Breakdown according to IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	«Derivative instruments (fair value recognised in equity)»	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Level 1 and cash	Level 2	Level 3
Available-for-sale assets	188	-	-	188	-	-	-	188	-
Other non-current financial assets	6,263	-	-	-	6,263	-	-	6,263	-
Net trade accounts receivable	320,900	-	-	-	320,900	-	-	320,900	-
Other current financial assets	21,408	21,408	-	-	-	-	-	21,408	-
Cash equivalents	10,172	10,172	-	-	-	-	10,172	-	-
Cash	80,897	80,897	-	-	-	-	80,897	-	-
FINANCIAL ASSETS	**439,828**	**112,477**	**-**	**188**	**327,163**	**-**	**91,069**	**348,759**	**-**
Non-current financial liabilities and derivatives	1,341	1,240	-	-		101	-	1,341	-
Bank overdrafts and other short-term borrowings	1,154,359	748	-	-		1,153,611	1,159,879	(5,520)	-
Accrued interest	32,137	-	-	-		32,137	-	32,137	-
Trade accounts payable	98,889	-	-	-		98,889	-	98,889	-
FINANCIAL LIABILITIES	**1,286,726**	**1,988**	**-**	**-**		**1,284,738**	**1,159,879**	**126,847**	**-**

As at 31 December 2016, the market value of the loans and revolving credit was 717.2 million euros, compared to a carrying value of 1,159.9 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2016	Market value
Bank borrowing - facility A7	783,638	61.8%	484,288
Senior secured notes PagesJaunes Finance & Co SCA	337,846	62.0%	209,465
Revolving credit - facility RCF 3	38,395	61.0%	23,421
LOANS	**1,159,879**	**61.8%**	**717,174**
Accrued interest not yet due	32,137		
Price supplements on acquisition of securities	1,988		
Other liabilities including loan issuance expenses	(6,223)		
CURRENT FINANCIAL LIABILITIES AND DERIVATIVES	**1,187,781**		

The quotes used to determine the market values come from Markit for the bank loan (tranche A7 and RCF) and from Bloomberg for the bond borrowing.

30 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET COMMITMENTS

Other commitments given

The bank and bond loans are guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group. The pledge directly benefits bank lenders and indirectly the bond lenders via the receivable that PagesJaunes Finance & Co SCA has on SoLocal Group for an amount of 350 million euros as at 31 December 2016. Recall that PagesJaunes Finance & Co SCA is an ad hoc entity without any capital links with SoLocal Group and is fully consolidated into the Group's financial statements.

20.2 Annual financial statements as of 31 December 2016

Balance sheet

			Balance sheet as at 31 December			
			Depreciation, amortisation and	2016	2015	
(in thousands of euros)	Notes	Brut	provisions	Net	Net	Variation
ASSETS						
Intangible fixed assets	3.1	424	(419)	5	30	(25)
Tangible fixed assets	3.1	17,073	(1,063)	16,010	10,185	5,825
Interests and other securities	3.2	4,203,711	(1,894,622)	2,309,089	2,249,041	60,049
Loans to undertakings	3.2	24,717	(10,500)	14,217	14,025	192
Other long-term investments		5,160	(1,063)	4,097	8,991	(4,894)
TOTAL FIXED ASSETS		**4,251,086**	**(1,907,667)**	**2,343,419**	**2,282,272**	**61,147**
Advances and prepayments		843		843	457	386
Trade debtors	3.3	666		666	183	484
Tax and social security claims		3,314		3,314	18,540	(15,226)
Claims on subsidiaries (tax integration)	3.10	52,977		52,977	303	52,674
Subsidiary current accounts	3.4	77,756	(4,928)	72,828	48,593	24,235
Receivables on sales of fixed assets	3.2	-		-	-	-
Sundry claims		2,823		2,823	2,741	82
Marketable securities and own shares	3.4	362	(3)	359	24,910	(24,551)
Cash and cash equivalents	3.4	26,560		26,560	5,326	21,234
Prepaid expenses		176		176	108	67
TOTAL CURRENT ASSETS		**165,477**	**(4,931)**	**160,546**	**101,161**	**59,384**
Translation differences assets		-		-	-	-
TOTAL ASSETS		**4,416,562**	**(1,912,598)**	**2,503,964**	**2,383,433**	**120,531**
LIABILITIES						
Capital				233 259	233 259	-
Issue premium				348 819	348 819	-
Legal reserve				5 620	5 620	-
Other reserves				18 284	18 284	-
Retained earnings				(552 301)	1 233 024	(1 785 325)
Profit/loss for the year				8 640	(1 785 325)	1 793 965
Regulated provisions				1 055	903	153
EQUITY	**3.5**			**63 377**	**54 584**	**8 793**
Provisions for risks and expenses				1 645	1 679	(34)
PROVISION FOR RISKS AND EXPENSES	**3.7**			**1 645**	**1 679**	**(34)**
Financial debts	3.8			2 389 258	2 214 760	174 497
Long-term loans and debts from financial institutions				836 791	800 303	36 489
Sundry loans and financial debts				951 426	935 919	15 508
Subsidiary current accounts				601 035	478 520	122 515
Special bank loans				5	19	(14)
Operating debts				42 404	18 532	23 872
Supplier debts and related accounts				28 997	12 104	16 893
Tax and social security debts	3.9			13 408	6 429	6 979
Other debts				7 223	93 828	(86 605)
Subsidiary debts (tax integration)	3.10			2 230	88 588	(86 358)
Sundry debts				4 993	5 240	(247)
Deferred income				0	0	-
TOTAL DEBT				**2 438 885**	**2 327 121**	**111 764**
Translation differences liabilities				58	49	9
TOTAL LIABILITIES				**2 503 964**	**2 383 433**	**120 531**

Income statement

(in thousands of euros)	Notes	Income statement as at 31 December 2016	2015	Variation
Provision of services	3.11	10,086	9,373	(9,373)
Related revenues	3.11	13,376	397	(397)
Writeback of provisions and transfers of expenses		214	193	(193)
Other revenues		404	3,084	(3,084)
Operating revenues		**24,080**	**13,047**	**(13,047)**
Purchases and provision of services		700	289	(289)
Purchases of materials and supplies not stocked		73	25	(25)
External services		12,245	1,142	(1,142)
Other external services		23,862	8,839	(8,839)
Duties and taxes and similar payments		914	283	(283)
Salaries		7,986	8,294	(8,294)
Social security contributions		3,833	3,997	(3,997)
Other charges		513	3,552	(3,552)
Depreciation and amortisation and provisions on current assets		1,087	27	(27)
Allocations to provisions for risks and expenses		140	333	(333)
Expenses		**51,354**	**26,780**	**(26,780)**
Operating expenses		**(27,273)**	**(13,733)**	**(13,733)**
Proceeds from interests - dividend		-	4,096	(4,096)
Financial revenues on marketable securities and claims on fixed assets		900	1,222	(1,222)
Other financial revenues		-	-	-
Writeback of provisions		75,555	25,568	(25,568)
Foreign exchange gains		1	1	(1)
Financial revenues		**76,457**	**30,887**	**(30,887)**
Interest and similar expenses		72,619	109,996	(109,996)
Other financial expenses		464	16,099	(16,099)
Allocations to provisions		18,692	1,644,323	(1,644,323)
Foreign exchange losses		0	2	(2)
Financial expenses		**91,776**	**1,770,419**	**(1,770,419)**
Financial income/expenses	**3.12**	**(15,319)**	**(1,739,532)**	**1,739,532**
Current income/expenses		**(42,592)**	**(1,753,266)**	**1,753,266**
Exceptional income on management transactions		-	-	-
Exceptional income on capital transactions		247	492	(492)
Writeback of provisions and transfer of expenses		2,538	9,829	(9,829)
Exceptional income		**2,784**	**10,321**	**(10,321)**
Exceptional expenses on management transactions		2,853	6,756	(6,756)
Exceptional expenses on capital transactions		-	21,361	(21,361)
Depreciation, amortisation and provisions		173	175	(175)
Exceptional expenses		**3,027**	**28,292**	**(28,292)**
Exceptional income/expenses	**3.13**	**(242)**	**(17,970)**	**17,970**
Legal employee profit sharing		-	-	-
Tax on profits (+ income/- expense)	3.10	51,474	(14,089)	14,089
Net income/expenses		**8,640**	**(1,785,325)**	**1,785,325**

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1 BUSINESS ACTIVITIES

Solocal Group is a holding company whose subsidiaries' mission is to "reveal local know-how everywhere and stimulate local activity of trustworthy companies". The Group offers its clients digital services and solutions to increase their visibility and contacts at the local level and creates and updates the best local professional and customised content for the users.

The financial statements below cover a period of 12 months, from 1 January 2016 to 31 December 2016.

2 ACCOUNTING RULES AND METHODS

SoLocal Group's annual financial statements were prepared in accordance with legal requirements and generally accepted accounting practices in France and with ANC regulation No. 2014-03 on the revision of the French General Chart of Accounts.

Accounting conventions observe the principle of conservatism and assume continuity of operations, permanence of the accounting methods between years and the accruals principle, in accordance with the general rules for preparing and presenting annual financial statements.

2.1 Note on going concern

The Company conducted, under the aegis of an ad hoc agent then of a mediator, a process of negotiating with its creditors aimed at restructuring it financial debt. The latter is comprised of a syndicated credit that includes in particular a tranche (Tranche C1) with Pages Jaunes Finance & CO SCA (entity without a capital link with SoLocal Group but a part of the scope of consolidation), with this entity itself issued a bond loan in order to finance this Tranche C1.

An agreement aimed at the financial restructuring of SoLocal Group was reached at the end of 2016. On 22 December 2016, the Nanterre Commercial Court adopted the modification to the scheme of arrangement (*sauvegarde financière accélérée*) plan of SoLocal Group, allowing for the implementation of the financial restructuring plan approved by the committee of financial and similar institutions ("committee of creditors") on 30 November 2016, and by the Extraordinary General Shareholders' Meeting on 15 December 2016.

It is specified that in application of the financial restructuring plan, the payment in cash of the accrued interest or falling due on 31 December 2016 and not paid in terms of the debt of SoLocal Group was shifted to the closest of the two dates between (i) 15 March 2017 and (ii) the settlement-delivery date for the operations on the capital provided for in the financial restructuring plan. Moreover, it was agreed that the loans granted to SoLocal would no longer carry interest after 31 December 2016.

In light of this, the financial statements of SoLocal Group as at 31 December 2016 were drawn up in application of the principle of continuing operation, with the assumption that the aforementioned financial restructuring plan would be implemented within the scheduled timeframe, and in any case no later than 15 March 2017.

In the hypothesis where this plan would not be implemented in the scheduled timeframe, SoLocal Group could find itself in a state of cession of payments. And the creditors could avail themselves, in the very short term, of various defaults that have occurred or that will occur, to render their debt immediately payable and exercise the guarantees that they hold on the shares of the subsidiary PagesJaunes SA. Indeed, the loans taken out by SoLocal Group each contain clauses that allow for the acceleration in repayment in particular in the case (i) of the nomination of an ad hoc agent or of a mediator, (ii) breach of the financial covenants and (iii) non-payment of interest.

SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal course of its business. The application of the accounting principles and regulations in a normal context of continuing operations concerning in particular the evaluation of the assets and liabilities could be inappropriate.

Furthermore, if other accounting principles than principle of continuing operation were to be applied, SoLocal Group cannot at this stage measure any of the impacts of this.

The main methods employed are described below

All figures are in thousands of euros (€K).

2.2 Tangible and intangible fixed assets

Intangible fixed assets include software, which is amortised on a prorated basis over 3 years.

Tangible fixed assets consist of office equipment and furniture amortised over 10 years, computer equipment over 3 years, as well as construction work in progress.

2.3 Investments in associates and other non-current securities

Equity interests in associates are recorded at their historical acquisition cost, which includes any costs directly related to the acquisition.

Impairment is recognised if the historical cost of these securities is greater than their value in use, as determined by SoLocal Group's management on the basis of various criteria, such as market value, the outlook for growth and profitability, shareholders' equity and each equity interest's specific characteristics.

When the value in use is determined by discounting expected cash flows adjusted to account for net debt, they are determined using the following method:

- the cash flows used are those projected in business plans that cover a sufficiently long period, which is usually 5 years;
- beyond this period, cash flows are extrapolated using a perpetual growth rate that reflects the forecast long-term growth rate of the market for each specific business activity;
- cash flows are discounted at rates that are deemed appropriate given the nature of the business activity and the country.

2.4 Cash and cash equivalents, marketable securities and treasury shares

Cash and cash equivalents at 31 December 2016 consisted of immediately available cash assets and short-term investments with a maturity of no more than three months when acquired. Any provisions on treasury shares are based on their average price during the last month of the year.

2.5 Provisions for risks and contingencies

French law requires a payment to employees upon retirement that is proportional to their length of service and final salary. The actuarial gains and losses on post-employment benefits are determined using the corridor method, which spreads gains and losses that exceed 10% of the greater of the value of the commitment/obligation or the value of hedging assets over the remaining service lives of plan participants.

The method used to calculate this provision is based on an actuarial assessment and includes the following parameters:

- the "mortality tables by generation of men" (TGH 05) for men, and the "mortality tables by generation of women" (TGF 05) for women;
- employee turnover rates, which vary with length of service, age and socio-professional category;
- the selected retirement age used, which is 64 for managers and 62 for office staff, technicians and supervisors;
- salary increase tables, which vary with age and socio-professional category;
- the discount rate, which is 1.5% for the 2016 expense;
- the probable average remaining length of service, which was 13.34 years at 31 December 2016.

The other provisions for the risks to which SoLocal Group is exposed are based on the best possible estimates.

2.6 Net financial income

The net financial income or loss is mainly determined by:

- the interest expense on debt;
- the interest paid on debtor and creditor current accounts with Group subsidiaries;
- gains and losses on treasury shares held under the liquidity contract;
- income and expenses associated with short-term investments, including those held under the liquidity contract;
- allocations to and reversal of impairment on securities and receivables.

2.7 Corporate income tax

Under the tax consolidation agreement between SoLocal Group and its subsidiaries within the tax consolidation group, SoLocal Group, as the head of the tax group, recognises any consolidated tax gain as income for the year.

At 31 December 2016, the tax group included 11 companies, including SoLocal Group, the head of the tax group.

3 ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1 Tangible and intangible fixed assets

Gross	31 December 2015	Acquisition	Reduction	31 December 2016
Software	424	-	-	424
Fixtures	-	12,489	-	12,489
Hardware	1	157	-	158
Furniture	21	4,043	-	4,064
Fixed assets in course of construction	10,162	-	9,801	361
GROSS TOTAL	**10,609**	**16,689**	**9,801**	**17,497**

Amortisation	31 December 2015	Allowances	Amounts released	31 December 2016
Software	394	25		419
Fixtures	-	775	-	775
Hardware	-	29	-	29
Furniture	-	259	-	259
TOTAL AMORTISATION	**394**	**1,088**	**-**	**1,482**

3.2 Investments in associates and related receivables

The table below shows the change in investments in associates and related receivables:

	Financial year ended 31 December				
	2016				2015
(in thousands of euros)	% of interest	Gross value	Provision	Net book value	Net book value
Interests					
PagesJaunes	100%	4,005,038	(1,746,020)	2,259,018	2,183,509
QDQ Media	100%	91,719	(91,719)	-	-
Mappy	100%	18,048	(18,048)	-	4,048
Solocal Marketing Services	100%	7,275	-	7,275	7,275
Euro Directory	100%	13,251	(13,251)	0	-
Yelster digital	100%	14,997	(14,100)	897	897
PagesJaunes Outre-mer	100%	76	-	76	76
NetVendeur	100%	200	-	200	200
Cristallerie 5	100%	6	-	6	6
Fine Média	100%	12,240	-	12,240	12,240
ClicRDV	100%	6,485	-	6,485	6,485
Digital To Store	100%	188	-	188	188
Effilab	100%	18,945	-	18,945	18,883
Leadformance	100%	9,801	(6,203)	3,598	9,801
Orbit Interactive	100%	76	-	76	76
PagesJaunes Resto	100%	5,281	(5,281)	-	5,281
Cityone	100%	10	-	10	-
TOTAL		**4,203,636**	**(1,894,622)**	**2,309,015**	**2,248,965**
Other non-current securities					
Idenum	5%	75	-	75	75
TOTAL		**75**	**-**	**75**	**75**
TOTAL INTERESTS AND OTHER SECURITIES		**4,203,711**	**(1,894,622)**	**2,309,090**	**2,249,041**
Claims related to interests					
QDQ Media (participating loan)		18,300	(10,500)	7,800	7,800
QDQ accrued interest not yet due		276	-	276	208
Mappy		3,500	-	3,500	3,500
Mappy accrued interest not yet due		4	-	4	4
Leadformance		2,615	-	2,615	2,496
Leadformance accrued interest not yet due		22	-	22	18
TOTAL		**24,717**	**(10,500)**	**14,217**	**14,026**

The main changes during the year:

In 2016, a reversal of provision on the PagesJaunes shares was carried out totalling 75.5 million euros, bringing the net value of the shares to 2,259 million euros. This reversal of provision is was a result of the usual of asset valuation test process undertaken each year and has no impact on the Company's cash situation. This is a result of the approval of the financial restructuring plan by the General Shareholders' Meeting on 15 December 2016 that makes it more likely that PagesJaunes will be able to repay its liabilities to Solocal Group.

In terms of sensitivity, a 1% decline in the margin in the last year of the business plan would lead to an additional amortisation (a smaller reversal in the present case) of equity interests of 47 million euros.

The shares Mappy, PagesJaunes Resto and Leadformance have been amortised for a total amount of 15.5 million euros.

Price supplements could be paid if certain conditions of operational performance were fulfilled. They were estimated based on the probability of fulfilment of the conditions of performance and form an integral part of the acquisition price and were recognised as liabilities.

3.3 Trade debtors, impairment of receivables and other receivables

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Gross trade debtors	666	183
Depreciation	-	-
Net trade debtors	**666**	**183**

The above receivables include the services that SoLocal Group invoices to its subsidiaries.

All trade debtors and other receivables are less than one year.

3.4 Cash and cash equivalents, marketable securities, current accounts and debt

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Net asset current accounts	72,828	48,593
of which accrued interest not yet due	-	-
Treasury shares	260	672
Treasury shares - provision	(3)	(46)
Other marketable securities	102	24,284
Cash and cash equivalents	26,560	5,326
CASH AND CASH EQUIVALENTS, MARKETABLE SECURITIES AND CURRENT ACCOUNTS	**99,747**	**78,830**
Loans and financial debts from credit institutions	783,638	798,805
Revolving credit facility drawn (RCF)	38,395	-
Accrued interest not yet due	14,759	1,498
LOANS AND FINANCIAL DEBTS FROM CREDIT INSTITUTIONS SUBTOTAL	**836,791**	**800,303**
Loans and financial debts from Group companies	580,000	580,000
Accrued interest not yet due	511	585
PagesJaunes Finance&Co SCA loan	350,000	350,000
Interest accrued on PagesJaunes Finance&Co SCA loan	18,161	2,594
Debt relating to future claims transferred - CICE	2,749	2,739
Accrued interest not yet due CICE	6	
LOANS AND FINANCIAL DEBTS SUBTOTAL	**951,426**	**935,919**
Liability current accounts	601,035	478,520
of which accrued interest not yet due	-	-
Other financial debts - bank overdrafts	5	19
GROSS FINANCIAL DEBT	**2,389,258**	**2,214,760**
Portion due in less than one year	*2,389,258*	*1,081,122*
Portion due after more than one year	-	*1,133,638*
NET CASH (DEBT)	**(2,289,510)**	**(2,135,930)**

Marketable securities

As at 31 December 2016, the amount of marketable securities, consisting of shares in mutual funds, is not significant.

Bank borrowing (syndicated credit agreement)

The syndicated credit agreement was amended in September 2014 and contains the following financial covenants:

- the ratio of consolidated net debt over consolidated EBITDA (the "**Leverage Ratio**") must be less than or equal to 4.00 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net debt as defined in the agreement with the financial institutions, note that the definition of EBITDA when calculating covenants is different from that of EBITDA reported in these financial statements);
- the ratio of consolidated EBITDA over consolidated net interest expense must be greater than or equal to 3.0 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net expense such as defined in the agreement with the financial institutions);
- if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

The Company's syndicated credit agreement also includes compulsory early repayment clauses benefiting Tranches A7 and B3 including in particular:

- a compulsory early repayment clause applicable in the case of a change in the control in the Company resulting from the acquisition of shares of the Company (*i.e.* the act for one or several persons acting in concert to take control (in terms of article 233-3 of the Fench Commercial Code) of the Company as a consequence of the acquisition of Company shares); and
- an early partial repayment clause for each calendar year for a percentage of the cash flows of the consolidated Group less the debt service, with this percentage varying according to the level of the Leverage Ratio (67% if the Ratio is higher than 3.00, 50% if it is between 2.50 and 3.00 and 25% if it is less than 2.50).

The Company's syndicated credit agreement also includes certain commitments (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries and to the benefit of Tranches A7 and B3, including the following commitments in particular:

- obligation to maintain certain authorisations:
- restrictions concerning the granting of sureties:
- restrictions concerning the carrying out of mergers, spin-offs or other restructuring:
- commitment to not change the general nature of the activities of the Company and of the Group with regards to their activity on the conclusion date of the syndicated credit agreement:
- restrictions concerning the financial debt that can be incurred by the Company's subsidiaries; and
- the Company is not allowed to engage in distributing dividends, amortising and reducing its capital and other cash distributions concerning its capital as long as the Leverage Ratio is higher than 3.00.

The Company's syndicated credit agreement finally includes the usual default clauses to the benefit of Tranches A7 and B3 (in particular in cases of payment default, non-compliance with financial covenants of the Company's commitments (including the commitments mentioned hereinabove), cross-default (in particular a default with the Bond Loan) and opening proceedings for the prevention of and handling of company difficulties) allowing lenders to accelerate the term of the loans that they have granted to the Company and to cancel their commitments with regards to the Company's syndicated credit agreement.

These commitments in case of default, as well as the compulsory early repayment clause of the Company's syndicated credit agreement in the event of a change in control do not apply to the Tranche C1.

As at 31 December 2016, bank debt (excluding Tranche C1) can be broken down as follows:

- Tranche A7: at a nominal of 783.6 million euros: maturity March 2018 with a faculty to extend it to March 2020 (with the condition of refinancing the bond loan of 350 million euros before March 2018), repayable in fine subject to the partial repayments described hereinabove; and
- B3 revolving credit line: at a nominal of 38.4 million euros and fully drawn as at 31 December 2016, depreciable by 2.7 million euros every quarter a final maturity in March 2018 with a faculty to extend it to March 2020.

The interest of Tranche A7 and the B3 revolving credit line are calculated as follows:

- rate: Margin plus EURIBOR or LIBOR 1, 2, 3 or 6 months rate as opted by the Company (the "Interest periods", payable in arrears of each period of interest;
- late payment interest: 1% increase in the interest rate appliers if the Company does not make payment of the entire amount due in terms of the syndicated credit (excluding Tranche C1), on its due date;
- margin: Percentage per year according to the level of the Leverage Ratio at the end of the most recent reference period (Accounting Period), such as indicated in the table below:

Leverage Ratio	Margin
Greater than or equal to 3.0:1	4.00%
Less than 3.0:1 but greater than or equal to 2.5:1	3.25%
Less than 2.5:1	2.50%

Bond Loan and Tranche C1

Moreover, SoLocal Group has, via PagesJaunes Finance & Co SCA, a non-affiliated and consolidated entity, a 350 million euro bond loan of which the income was used by the latter to finance the making available to the Company of a Tranche C1 with regards to the Company's syndicated credit. This loan has a fixed rate of 8.875% and Tranche C1 has a fixed rate of 8.895%, it is repayable on 1 June 2018. As at 31 December 2016, the consolidated amount was 337.8 million euros following the partial repurchase of a portion of the bonds by the Group (for a value of 12.2 million euros).

Bank and bond loans are pledged as collateral on PagesJaunes shares held by SoLocal Group.

As at 30 June 2016, the leverage covenant in SoLocal Group's syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line B3 and Bond debt) has been reclassified as current debt.

Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

PagesJaunes Finance & Co SA and the Company have signed a separate agreement that provides for certain commitments in particular (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries and to the benefit of Tranche C1, including in particular commitments concerning the same subjects as those provided for in the Company's aforementioned syndicated credit agreement and the following commitments:

- restrictions concerning the financial debt that can be incurred by the Company and its subsidiaries; and
- prohibition to carry out certain payments in particular with regards to distributing dividends, acquisitions and granting loans.

In the event of a change in the control of the Company such as defined in the bond documentation, the Company will have to pay PagesJaunes Finance & Co SCA (who is to date the sole lender with regards to the Tranche C1) an amount with regards to the Tranche C1 such that it will allow PagesJaunes Finance & Co SCA to buy back bonds from bond holders who so desire with regards to the aforementioned bond loan.

According to the terms of the Bonds, the following constitute a case of a change in the control:

i. the selling, in one operation or in a series of linked operations, of all or substantially all of the Company's assets;

ii. the adopting of a liquidation plan for the Company;

iii. the case where one or several persons acting in concert were to hold shares representing more than 50% of the Company's voting rights; or

iv. the replacing of most of the members of the Board of Directors of the Company with non-co-opted directors or not approved by the Board of Directors (measured over a sliding period of 24 months).

In case of a change in control:

v. the issuer, PagesJaunes Finance & Co SCA, has the obligation to propose to the bond holder to repurchase their Bonds at a price equal to 101% of their nominal; and

vi. the share of Tranche C1 that corresponds to 101% of the nominal amount of the Bonds for which repurchasing is requested by the bond holders becomes due (*i.e.* a maximum amount of 101% of 350 million euros).

Loans and borrowings

SoLocal Group has also received two loans from its subsidiary PagesJaunes, one for 430 million euros and one for 150 million euros, for a total of 580 million euros. The two loans were renewed in 2016 for renewable periods of one year, with the 150 million euros loan maturing on 13 February 2017 and the 430 million euros loan maturing on 18 December 2017. They bear interest at the 3-month Euribor rate plus a margin.

Furthermore, under the cash agreement market implemented in 2004 with PagesJaunes, Solocal Group has current account resulting from the cash transfers from the latter. The balance was 600 million euros as at 31 December 2016. In the context of the financial restructuring, the constraints that apply to this cash agreement have been tightened.

In 2016, SoLocal Group used its CICE tax credit to obtain a 2.7 million euro bank loan. The cash received increased debt by a corresponding amount. The claim on the government was reclassified as a claim on the bank.

Current accounts

Current accounts with subsidiaries are subject to a cash-management agreement with each subsidiary. They bear interest at the EONIA rate plus or minus a margin, depending on whether the account has a debit or credit balance.

All net current account receivables (72.8 million euros) are due in less than one year.

3.5 Share capital and changes in shareholders' equity

Share capital

The share capital of SoLocal Group is composed of 38,876,564 shares with a nominal value of 6.00 euros each, *i.e.* a total sum of 233,259,384 euros.

Date	Description	Number of shares	Unit value	Capital in thousands of euros
31 December 2015	Share capital at year-end	38,876,564	6	233,259,384
31 December 2016	Share capital at year-end	38,876,564	6	233,259,384

Change in shareholders' equity

The table below breaks down the increase in SoLocal Group's shareholders' equity in 2016:

(in thousands of euros)	Number of shares	Share capital	Issue premium	Legal reserve	Other reserves	Retained earnings	Profit/Loss	Regulated provisions	Equity
As at 31 December 2015	38,876,564	233,259	348,819	5,620	18,284	1,233,023	(1,785,325)	903	54,584
Increase in capital	-	-	-						-
2015 profit/loss	-	-	-	-	-	-	-	-	-
Grouping of shares	-	-	-	-	-	-	-	-	-
Appropriation of profit/loss	-	-	-	-	-	(1,785,325)	1,785,325	-	-
2016 profit/loss	-	-	-	-	-	-	8,640	-	8,640
Allocation to regulated provisions 2016	-	-	-	-	-	-	-	153	153
As at 31 December 2016	**38,876,564**	**233,259**	**348,819**	**5,620**	**18,284**	**(552,301)**	**8,640**	**1,055**	**63,376**

3.6 Stock options and freely allotted shares

Stock options

The Board of Directors was authorised by the extraordinary shareholders' meeting of 29 April 2014 authorised the Board of Directors to set up a free share allotment plan (involving either existing shares or shares to be issued), pursuant to Articles L. 225-197-1 and subsequent of the French Commercial Code, to certain Group senior executives and employees as incentive to further the Company's development. This authorisation was granted for a period of 38 months. The number of free shares thus allotted cannot exceed 5% of the Company's capital after the settlement and delivery of the share issues approved at this Shareholders' Meeting (cf. note 22).

On 19 June 2014, the Board of Directors set forth the terms for a free share allotment plan involving 45,221,000 shares. Beneficiaries will be fully entitled to these shares upon completion of vesting periods ending on 19 June 2016, 19 June 2017 and 19 June 2018, provided that they are still a senior executive or employee of the Group and that performance targets are achieved.

On 9 February 2015, the Board of Directors drew up the conditions of a free share plan for 2,305,000 shares. These shares will be finally acquired following acquisition periods ending on 9 February 2017, 9 February 2018 and 9 February 2019, provided that the beneficiary is still an employee or manager of the Group and the conditions of performance are satisfied.

All these allotments were made before the reverse stock split in October 2015 which led to the multiplication of the nominal value by 30.

The allotment date used to determine the corresponding expense is the date of the Board meeting at which the options were approved, the time allowed to inform the beneficiaries having been considered reasonable.

Change in stock option and free share allotment plans in the financial year

	Balance at 31 December 2015	Granted	Exercised	Cancelled or lapsed	Balance at 31 December 2016	Exercise price
Stock option plans	236,789	-	-	(17,219)	219,570	
July 2010	50,179	-	-	(6,322)	43,857	127.20
December 2010	5,736	-	-	-	5,736	105.09
July 2009	45,086	-	-	(4,589)	40,497	99.39
December 2009	2,700	-	-	-	2,700	115.86
December 2007	133,088	-	-	(6,308)	126,780	214.20
Free share allotment plans	1,475,238	-	-	(102,045)	1,373,193	Vesting date
February 2015	16,665	-	-	-	16,665	09/02/2017
February 2015	16,665	-	-	-	16,665	09/02/2018
February 2015	36,665	-	-	-	36,665	09/02/2019
June 2014	314,980	-	-	(18,610)	296,370	19/06/2016
June 2014	314,980	-	-	(18,610)	296,370	19/06/2017
June 2014	755,070	-	-	(44,612)	710,458	19/06/2018
December 2013	20,212	-	-	(20,212)	-	31/12/2015

At December 2016, options under all share subscription plans could be excercised.

3.7 Provisions for risks and contingencies

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2016	Total 31 December 2015
Variation in value of commitments				
Total value of commitments at start of period	**1,645**	**88**	**1,732**	**1,556**
Cost of services rendered	133	10	142	141
Updating cost	37	2	39	38
Contributions paid by employees	-	-	-	-
Change in system	-	-	-	-
Reductions/Payments	-	-	-	-
Actuarial (gains) or losses	(167)	(22)	(189)	(3)
Benefits paid	-	(4)	(4)	-
Acquisitions	-	-	-	-
Assignments/Transfers of business	-	-	-	-
Change in scope	-	-	-	-
Other: (exchange-rate differences)	-	-	-	-
Total value of commitments at end of period: (A)	**1,647**	**73**	**1,720**	**1,732**
Commitments at end of period relating to systems totally or partially financed	-	-	-	-
Commitments at end of period relating to non-financed systems	1,647	73	1,720	1,732
Variation in hedge assets				
Fair value of hedge assets at start of period				
Financial proceeds on hedge assets	-	-	-	-
Gains/Losses on hedge assets	-	-	-	-
Contributions paid by the employer	-	-	-	-
Contributions paid by the employees	-	-	-	-
Reductions/Payments	-	-	-	-
Benefits paid by the fund	-	-	-	-
Change in scope	-	-	-	-
Other (exchange-rate differences)	-	-	-	-
Fair value of hedge assets at end of period: (B)	**-**	**-**	**-**	**-**
Financial cover				
Situation of system (A) – (B)	1,647	73	1,720	1,732
Unrecognised actuarial gains or (losses)	(75)	-	(75)	(245)
Unrecognised cost of past services	-	-	-	-
Adjustment connected with the asset limit	-	-	-	-
Provision / (Assets) at end of period	**1,572**	**73**	**1,645**	**1,487**
Pension expense				
Cost of services rendered	133	10	142	141
Updating cost	37	2	39	38
Expected return on assets from the system	-	-	-	-
Depreciation of actuarial (gains) or losses	3	(22)	(20)	(0)
Depreciation of cost of past services	-	-	-	-
Effect of reductions/payments	-	-	-	-
Assignments/Transfers of business	-	-	-	-
Adjustment connected with the asset limit	-	-	-	-
TOTAL PENSION EXPENSE	**172**	**(11)**	**162**	**179**
Development in provision (Assets)				
Provision / (Assets) at start of period	**1,400**	**88**	**1,487**	**1,309**
Pension expense	172	(11)	162	179
Contributions paid by the employer	-	(4)	(4)	-
Benefits paid directly by the employer	-	-	-	-
Variation in scope	-	-	-	-
Other (acquisition differences)	-	-	-	-
Provision/ (Asset) at end of period	**1,572**	**73**	**1,645**	**1,487**
Amount entered in income statement	**172**	**(15)**	**158**	**179**

(in thousands of euros)	31 December 2015	Allowance for the financial year	Amount released for the financial year (provision used)	31 December 2016
Pension and similar commitments	1,487	180	(22)	1,645
TOTAL PROVISIONS FOR RISKS AND EXPENSES	**1,487**	**180**	**(22)**	**1,645**

(in thousands of euros)	Allowance for the financial year	Amount released for the financial year
Operating income/expense	140	-
Financial income/expense	40	22

3.8 Debt maturity schedule

	Financial year ended 31 December 2016		
(in thousands of euros)	Gross amount	Up to one year	More than one year
Loans and financial debts from credit institutions	836,791	836,791	-
Debt relating to future claims transferred - CICE	2,755	2,755	-
Loans and financial debts from Group companies	580,511	580,511	-
PagesJaunes Finance&Co SCA loan	368,161	368,161	
LOANS AND FINANCIAL DEBTS SUBTOTAL	**1,788,218**	**1,788,218**	**-**
Current accounts	601,035	601,035	-
Special bank loans	5	5	-
Supplier debts and related accounts	28,997	19,774	9,223
Tax and social security debts	13,408	13,408	-
Subsidiary debts (tax integration)	2,230	2,230	-
Sundry debts	4,993	1,753	3,240
TOTAL	**2,438,885**	**2,426,422**	**12,463**

Trade creditors of more than one year are made up of rents for the premises in Boulogne-Billancourt which will be payables from 2018 in accordance with the negotiated rent-free period.

3.9 Accrued income and expenses

Income receivable	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Trade debtors – invoices to be drawn up	354	113
Tax and social security claims – corporate income tax	-	16,392
Tax and social security claims – VAT	2,847	1,587
Sundry claims – Financial income receivable	25	
TOTAL	**3,226**	**18,093**

Expenses payable	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Financial debts – accrued interest not yet due	33,430	4,677
Trade creditors and related accounts	25,686	9,567
Tax and social security debts – VAT, taxes, salaries and social security contributions	5,323	4,221
Tax and social security debts – corporate income tax	3,789	-
Sundry debts	-	
TOTAL	**68,229**	**18,465**

As at 31 December 2016, the corporate income tax position represented a debt of 3.8 million euros while it represented a credit of 16.4 million euros at the end of the previous financial year.

3.10 Corporate income tax

Tax consolidation

On 3 December 2004, SoLocal Group opted to comply with the rules that apply to tax groups pursuant to Articles 223A and subsequent of the French Tax Code, for a renewable period of five years as of 1 January 2005. In doing so, SoLocal Group made itself solely liable for the corporate income tax on all of the earnings of the tax consolidation group formed by itself and the companies in which it directly or indirectly holds at least 95% of the share capital and which agreed to join this group.

The tax consolidated subsidiaries at 31 December 2016 are PagesJaunes, Solocal Marketing Services, NetVendeur, Mappy, PagesJaunes Outre-mer, ClicRDV, Fine Media, PagesJaunes Resto, Leadformance, Cristallerie 5 and Retail Explorer.

A tax consolidation gain of 51.0 million euros was recognised in 2016.

The net corporate tax payable for 2016, after the application of tax credits, is 3.8 million euros.

Balance sheet position

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Asset tax integration current accounts	52,977	303
State – corporate income tax claim	-	16,392
Liability tax integration current accounts	(2,230)	(88,588)
State – corporate income tax due	3,789	-
NET BALANCE SHEET POSITION - ASSETS / (LIABILITIES)	**54,536**	**(71,893)**
Group corporate income tax due after tax credit	-	(16,392)
GROUP CORPORATE INCOME TAX NET DEBT (CLAIM)	**-**	**(16,392)**

Tax consolidation current accounts with subsidiaries show a net receivable of 53.0 million euros at 31 December 2016. This balance consists of the share of 2016 corporate tax owed by each subsidiary under the tax consolidation agreements.

Underlying and deferred tax position

(in thousands of euros)	Gross
Future tax debt relief	
Provision for lump-sum retirement payments	1,572
Hidden gain on mutual funds	1
Special depreciation allowances	(1,055)
TOTAL	**518**

The expenses recognised in 2016 and in preceding years, but which were added back to taxable income, totalled 518 thousand euros as at 31 December 2016, and represented a 145 thousand euros decrease in the future tax liability, at the corporate income tax rate voted this day for the respective periods.

In 2015, SoLocal Group used its CICE tax credit to obtain a 2.7 million euro bank loan. The cash received increased debt by a corresponding amount. The claim on the government was reclassified as a claim on the bank.

3.11 Breakdown of revenues

Revenues totalled 23.5 million euros in 2016, versus 9.8 million euros in 2015, and consisted of:

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Assistance for subsidiaries	8,241	8,066
Passing-on of employee expenses	1,845	1,307
Passing-on of real estate services	13,376	-
Others	25	382
REVENUES	**23,462**	**9,754**

In 2016, revenues include real estate services reinvoiced on to the subsidiaries.

3.12 Financial income

The financial income for 2016 comprises writebacks of provisions for the depreciation of securities and current accounts totalling 75.6 million euros. It also includes interest on borrowings and bank overdrafts for 72.6 million euros and depreciation of non-current securities for 1,644 million euros.

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Dividends	-	4,096
Financial income relating to derivative instruments	-	-
Other financial income	900	1,222
Amounts released from provisions	75,555	25,568
Exchange-rate gain	1	
FINANCIAL INCOME	**76,457**	**30,887**
Interest on loans and sundry financial debts	72,618	74,829
Financial expenses relating to derivative instruments	-	11,107
Other financial expenses	465	4,995
Accretion expense on pension commitments	40	38
Allowances for financial provisions	18,654	1,644,284
Gross value of claims transferred	-	35,164
Exchange-rate losses	0	
FINANCIAL EXPENSES	**91,776**	**1,770,419**
FINANCIAL INCOME/EXPENSES	**(15,319)**	**(1,739,532)**

3.13 Extraordinary income

	Financial year ending 31 December	
(in thousands of euros)	2016	2015
Proceeds from transfer	247	492
Amount released on provision and depreciation	20	331
Other proceeds	2,494	2,742
Transfer of expenses	23	6,756
EXCEPTIONAL INCOME	**2,784**	**10,321**
Net book value of asset items transferred	-	21,361
Special depreciation allowances	173	175
Other expenses	2,853	6,756
EXCEPTIONAL EXPENSES	**3,027**	**28,292**
EXCEPTIONAL INCOME/EXPENSES	**(242)**	**(17,970)**

4 OTHER

4.1 Off-balance sheet commitments

Individual right to training – DIF

As from 1 January 2015, the Personal Training Account (CPF) replaced the individual right to training (DIF).

The rights acquired under the DIF up to 31 December 2014 will be retained by employees and may be utilised until 1 January 2021. The CPF is now attached to the person while the DIF was attached to the employment contract.

In 2015, the DIF was transferred into the CPF by every employee.

Personal Training Account – CPF

SoLocal Group has not made any internal commitment to the CPF. There is no longer any commitment for the Company.

Securities pledged

Under the bank lending agreement described in note 3.4, the Company pledged a securities account that includes all of its shares in PagesJaunes as collateral for all sums owed (including principal, interest, commissions, fees and costs) to the lending banks for the financing provided.

The Company also agreed to pledge to the lending banks a securities account consisting of the securities of any subsidiary that becomes a "material subsidiary", pursuant to the terms of the lending agreement, as collateral for all sums owed (including principal, interest, commissions, fees and costs).

Interest rate derivative instruments

As of 31 December 2016, there was no longer any commitment relating to interest rate derivative instruments.

Bank commitments

SoLocal Group has a 38.4 million euros revolving credit facility. As at 31 December 2016, this revolving credit line, which is described in section 3.4, was fully drawn.

The presentation of the off-balance sheet commitments does not exclude the possibility that a significant off-balance sheet item was omitted under applicable accounting standards.

Leases

In 2014 and 2015, SoLocal Group subscribed to commercial lease contracts for future completion signed with two separate investors, for premises located in the towers of a real estate complex currently being rehabilitated called Citylights, located in Boulogne-Billancourt.

The lease contracts for future completion were irrevocably signed for a firm period of 10 years, as SoLocal Group has renounced its 3-year termination faculty until the end of the firm period of the lease contracts. The lease contracts took effect on 9 May 2016, with an expiry date for each one of the lease contracts set to 8 May 2026.

These premises leased by SoLocal have a surface area of 35,702 m^2, for a commitment for these contracts over the remaining period of 117.8 million euros (excluding expenses and rent indexing). Virtually all of this surface is reinvoiced to the Group's subsidiaries as real estate services.

Security deposits for an amount of 4.1 million were paid subsequent to moving into the premises at Boulogne-Billancourt.

4.2 Directors' fees and compensation of corporate officers

Directors' fees paid totalled 490 thousand euros for 2016 and 468 thousand euros for 2015.

Gross compensation paid to corporate officers totalled 1,682 thousand euros in 2016 and 1,623 thousand euros in 2015.

4.3 Workforce

	Financial year ended 31 December	
(average full-time equivalent)	2016	2015
Executives	35.8	39.6
Employees	2.5	3.0
TOTAL	**38.3**	**42.6**

4.4 Affiliated companies

SoLocal Group companies

Financial year ended 31 December 2016

(in thousands of euros)	Income		Expenses		Claims [1]		Debts [1]	
Associated company	operating	financial [2]	operating	financial	operating	financial	operating	financial
PagesJaunes	17,228		442	8,912	562	-	-	1,180,132
QDQ Media	16	276	-	-	-	8,061	-	-
SoLocal Marketing Services (ex-PJMS)	1,291		-	-	-	3,196	21	-
Mappy	1,338	116	-	-	-	25,191	-	-
RETAIL	135		-	-	-	1,762	-	-
Yelster digital GmbH	10		-	-	-	4,548	-	-
PagesJaunes Outre-Mer	168		-	-	-	-	-	1,240
Leadformance	453	123	-	-	-	5,868	-	-
NetVendeur	22		-	-	-	986	-	-
Euro Directory			-	-	-	-	-	174
ClicRDV	957		-	-	-	6,443	-	-
Digital to Store LTD			-	-	-	2,081	-	-
Fine Media	736		-	-	-	5,157	-	-
Orbit Interactive	260		-	-	49	1,411	-	-
Effilab	264	-	-	-	-	2,109	-	-
PagesJaunes Resto (ex-Chronoresto)	149	-	-	-	-	9,387	-	-
TOTAL	**23,027**	**515**	**442**	**8,912**	**611**	**76,200**	**21**	**1,181,546**

Financial year ending 31 December 2015

(in thousands of euros)	Income		Expenses		Claims [1]		Debts [1]	
Associated company	operating	financial [2]	operating	financial	operating	financial	operating	financial
PagesJaunes	9,853		798	10,318	114		-	1,057,458
QDQ Media	34	208	-	-	-	8,745	-	-
PJMS	714	-	5	-	-	3,621	-	-
Mappy	399	125	-	-	-	16,641	-	-
RETAIL	-	-	-	-	-	701	-	-
Yelster digital GmbH	10	-	-	-	-	3,353	-	-
Horyzon Média	263	-	-	-	-		-	-
Horyzon Média Worlwide	-	-	-	-	-	459	-	-
PagesJaunes Outre-Mer	125	-	-	-	-		-	1,473
Leadformance	587	118	-	-	-	3,607	-	-
NetVendeur	12	-	-	-	-	625	-	-
Euro Directory	13	-	-	-	13		-	174
Sotravo	45	8,723	-	-	-		-	-
ClicRDV	238	-	-	-	-	1,153	-	-
Digital to Store LTD	-	-	-	-	-	2,081	-	-
Fine Media	403	-	-	-	-	1,086	-	-
Orbit Interactive	-	-	-	-	-	1,200	-	-
Effilab	-	-	-	-	-	1,692	-	-
Chronoresto	29	-	-	-	-	5,486	-	-
TOTAL	**12,725**	**9,174**	**803**	**10,318**	**127**	**50,450**	**-**	**1,059,105**

(1) Excluding current tax consolidation accounts (cf. note 3.9).

(2) Excluding dividends (cf. note 3.11).

4.5 Post-balance sheet date events

As of the date of this report, no significant event after the balance sheet date of 31 December 2016 was observed.

4.6 Consolidation

SoLocal Group draws up its own consolidated accounts.

4.7 Table of subsidiaries and associates

Subsidiaries and interests (in thousands of euros)	Capital	Equity excluding capital and before appropriation of income/expenses	Portion of capital held as a%	Book value of securities held: Gross	Book value of securities held: Net	Loans and advances granted by the company not yet repaid (excluding current accounts)	Amount of bonds or guarantees given by the Company	Revenues from last financial year ended	Net income/expense from last financial year ended	Dividends collected by the Company during the financial year	Observations
Detailed information on subsidiaries and interests											
1/ Subsidiary: more than 50% held by the company											
NetVendeur (ex - Cristallerie 2 SA) 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 493 023 485	200	-768	100%	200	200	-	-	87	-347	-	Unaudited preliminary data
Euro Directory SA 2, avenue Charles de Gaulle L-1653 Luxembourg RCS Luxembourg B48461	169	51	100%	13,251	0	-	-	0	103	-	Unaudited preliminary data
Mappy SA 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 402 466 643	212	-10,764	100%	18,048	0	3,500	-	12,399	-3,792	-	Unaudited preliminary data
PagesJaunes SA 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 444 212 955	1,967,809	222,829	100%	4,005,038	2,259,018	580,000	-	750,709	68,343	-	
SoLocal Marketing Services 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 422 041 426	7,275	2,864	100%	7,275	7,275	-	-	31,905	503	-	Unaudited preliminary data
PagesJaunes Outre-Mer SA 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 420 423 477	75	479	100%	76	76	-	-	5,804	1,415	-	Accounts under preparation, unaudited preliminary data
QDQ Media SAU Calle de la Haya 4 28044 Madrid - Espagne RCS Madrid : A81745002	5,500	15,366	100%	91,719	0	18,300	-	18,041	461	-	Unaudited preliminary data
Yelster digital GmbH Linke Wienzeile 8, Top 9 1060 Vienna - Autriche RCS Vienne : FN 298562 m	44	-3,357	100%	14,997	897	-	-	1,323	-501	-	Unaudited preliminary data
Fine Media SAS 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 494 447 550	47	3,195	100%	12,240	12,240	-	-	8,728	-1,151	-	Unaudited preliminary data
ClicRDV 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 492 374 442	50	-932	100%	6,485	6,485	-	-	4,420	-4,443	-	Unaudited preliminary data
Orbit Interactive Nearchore Park 1100 boulevard El Qods 11000 Casablanca Maroc Sidi Maarouf RC Casablanca : 268969	77	514	99%	76	76	-	-	2,905	-202	-	Unaudited preliminary data

Subsidiaries and interests (in thousands of euros)	Capital	Equity excluding capital and before appropriation of income/expenses	Portion of capital held as a%	Book value of securities held: Gross	Book value of securities held: Net	Loans and advances granted by the company, not yet repaid (excluding current accounts)	Amount of bonds or guarantees given by the Company	Revenues from last financial year ended	Net income/expense from last financial year ended	Dividends collected by the Company during the financial year	Observations
PagesJaunes Resto 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : 503 573 487	40	-4,738	100%	5,281	0	-	-	1,089	-3,347	-	Unaudited preliminary data
Leadformance SARL 7 Avenue des Ducs de Savoie 73000 Chambéry SIREN : 440 743 763	1722	-6,797	100%	9,801	3,598	2,496		3,371	-1,288	-	Unaudited preliminary data
Digital To Store Ltd 64 great eastern street London-Royaume Uni Company number : 08865471	176	-549	100%	188	188	-	-	8,243	2,955	-	Unaudited preliminary data
Effilab 54 avenue du Général Leclerc 92100 Boulogne-Billancourt SIREN : 531 205 565	2	1,416	100%	18,945	18,945	-	-	5,606	412	-	Unaudited preliminary data
Cristallerie 5 7 avenue de la Cristallerie 92317 Sèvres SIREN : 809 343 734	6	-2	100%	6	6	-	-	-	-	-	
CITYONE SAS 204 rond-point du Pont de Sèvres 92100 Boulogne-Billancourt SIREN : In the process of registration	10		100%	10	10	-	-	-	-	-	
2/ Interests (between 10 and 50%)											

20.3 Management Report on the Annual Financial Statements for the year ended 31 December 2016

Ladies and Gentlemen,

We have called you to this General Shareholders' Meeting, pursuant to French law and our Company's articles of association, to report on the Company's business activity in the financial year from 1 January 2016 to 31 December 2016 and to submit the Company annual and consolidated accounts for your approval.

I. Year's highlights

On the SoLocal Group shareholdings portfolio, the year 2015 was basically characterised by the creation in December 2016 of the company Cityone SAS, a company without operational activity with a capital of 10,000 euros.

Following the discussions conducted under the aegis of Mr Abitbol and then Mr Bourbouloux, SoLocal Group presented an initial financial restructuring draft plan aimed at reducing its debt by two-thirds. The terms of this first amended scheme of arrangement (*sauvegarde financière accélérée*) plan, implemented pursuant to the ruling of the Nanterre Commercial Court on 9 May 2014, were approved by the committee of creditors on 12 October 2016, but were later rejected by the Company's shareholders at the Company's General Shareholders' Meeting on 19 October 2016. A second draft scheme of arrangement plan, implemented pursuant to the ruling of the Nanterre Commercial Court on 9 May 2014, was therefore prepared and unanimously approved by the Company's Board Of Directors and was later approved by the committee of creditors on 30 November 2016, by the Company's General Shareholders' Meeting on 15 December 2016 at the first calling and, lastly, by the ruling of the Nanterre Commercial Court on 22 December 2016.

The Company did not pay the interest due on its financial debt on 1 December 2016 for an amount of around 15 million euros. This interest payment was postponed until the date of settlement/delivery of the transactions to strengthen the equity (as defined below) and 15 March 2017 at the latest, and the amount of interest to pay by the Company will correspond to the amount of interest due as at 31 December 2016 (including unpaid accrued interest at this date).

II. SoLocal Group business activity, key financial figures and presentation of annual financial statements

SoLocal Group is an Internet Group whose task is to "raise awareness of local know-how everywhere and promote the local business of trustworthy companies". The Group offers its customers digital services and solutions to increase their visibility and local contacts and creates and updates the best personalised professional local content for users.

The Group's activities are divided into two segments: the "Internet" segment and the "Print & Voice" segment.

Operating income

The SoLocal Group company posted an annual revenues of 23.4 million euros in 2016 versus 9.8 million euros in 2015. These revenues were mainly generated from services provided directly to customers and from reinvoicing personnel expenses to subsidiaries. The other operating income consists of the reinvoicing of real estate services to the subsidiaries.

Operating expenses

Personnel expenses totalled 11.8 million euros in 2016, compared with 12.3 million euros in 2015, and an average workforce of 38 in 2016, compared with 43 in 2015.

Other operating expenses increased from 14.5 million euros in 2015 to 39.5 million euros in 2016. They consist in particular of rents and rental expenses for the premises Citylights located in Boulogne-Billancourt, for 11.0 million euros as well as expenses linked to the refinancing of the debt totalling 17.7 million euros in 2016 and 1.0 million euros in 2015. In 2015, these expenses included the costs of purchase of free shares in 2015 for 3.1 million euros which formed the subject of reinvoicing to PagesJaunes SA. When these expenses are excluded, operating expenses were stable.

SoLocal Group posted an operating loss of 27.3 million euros in 2016, compared with an operating loss of 13.7 million euros in 2015.

Net financial income

Gross financial income was 76.4 million euros in 2016, compared with 30.9 million euros in 2015. This income consisted mainly of:

- income on current account receivables and cash investments, which totalled 0.9 million euros in 2016, compared with 1.2 million euros in 2015;
- the reversal of a provision for depreciation of PagesJaunes shares along with marketable securities (equity shares and liquidity contract) for 75.5 million euros in 2016, compared with 25.6 million euros in 2015.

Financial expenses totalled 91.7 million euros in 2016, compared with 1,770.4 million euros in 2015. These expenses consisted mainly of:

- write-downs of the shares PagesJaunes Resto, Leadformance and Mappy, and own shares for 18.7 million euros in 2016, compared with 1,644.3 million euros in 2015;
- interest expense on bank loans and on loans and current account payables owed to subsidiaries, which totalled 72.6 million euros in 2016, compared with 110.0 million euros in 2015;
- other financial expenses for a total of 0.5 million euros in 2016, compared with 16.1 million euros in 2015, of which mainly interest expenses on hedging instruments for 12.4 million euros.

The average interest rate of the debt fell from 6.37% as at 31 December 2015 to 5.44% as at 31 December 2016, i.e. a 93 basis point decline mainly linked to the maturity of hedging instruments in September 2015.

The net financial loss was 15.3 million euros in 2016, compared with 1,739.5 million euros in 2015.

Exceptional income

There was a net exceptional loss of 0.2 million euros in 2016, compared with 18.0 million euros in 2015.

The exceptional income amounts to 2.8 million euros. It is mainly made up reinvoicing to the subsidiaries of costs linked to the moving in to the Citylight premises. In 2015, it mainly consisted of proceeds from the redemption of the SoLocal Group discounted debt and a transfer of exceptional expenses connected with the cost of acquisition of the free shares.

Exceptional expenses amount to 3.0 million euros in 2016. They are mainly made up of costs linked to the moving in to the Citylight premises. In 2015, they were mainly made up the cost of the net book value of the Relaxnews, Horyzon Media and Sotravo securities transferred during the financial year 2015.

Corporate income tax

On 3 December 2004, SoLocal Group opted to comply with the rules that apply to tax groups pursuant to Articles 223-A et seq. of the French Tax Code, for a renewable period of five years. In doing so, SoLocal Group made itself solely liable for the corporate income tax on all of the earnings of the tax consolidation group formed by itself and the companies in which it directly or indirectly holds at least 95% of the share capital and which agreed to join this group.

The tax consolidated subsidiaries at 31 December 2016 are PagesJaunes, Solocal Marketing Services, NetVendeur, Mappy, PagesJaunes Outre-mer, ClicRDV, Fine Media, Pagesjaunesresto, Retail Explorer, Cristallerie 5 and Leadformance.

SoLocal Group thus recorded a tax income of 51.4 million euros in 2016, mainly due to the gain from the tax consolidation, compared with a tax expense of 14.1 million euros in 2015.

Net income

SoLocal Group posted a net income of 8.6 million euros in 2016, compared with a net loss of 1,785.3 million euros in 2015.

Appended to this report there is, pursuant to Article R. 225-102 of the French Commercial Code, a table of our Company's earnings over the past five fiscal years.

III. Share capital structure

The following table shows SoLocal Group's shareholders and the number of shares held at 31 December 2016:

	31/12/2016				31/12/2015				31/12/2014			
	Number of shares	% of share capital	Voting rights	% of voting rights	Number of shares	% of share capital	Voting rights	% of voting rights	Number of shares	% of share capital	Voting rights	% of voting rights
Edmond de Rothschild AM	2,373,274	6.1%	2,373,274	6.1%	2,350,354	6.0%	2,350,354	6.1%	58,399,288	5.0%	58,399,288	5.0%
DNCA	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.1%	-	-	-	-
Public	34,227,093	88.0%	34,459,175	88.3%	34,253,125	88.1%	34,259,374	88.3%	949,564,833	81.7%	950,206,281	81.9%
SoLocal Group employees [1]	229,977	0.6%	229,977	0.6%	225,964	0.6%	225,964	0.6%	2,510,672	0.2%	2,510,672	0.2%
Treasury shares [2]	85,887	0.2%	0	0.0%	86,788	0.2%	0	0.0%	2,165,208	0.2%	0	0.0%
Amber Capital	0	0.0%	0	0.0%	0	0.0%	0	0.0%	76,636,383	6.6%	76,636,383	6.6%
Paulson	0	0.0%	0	0.0%	0	0.0%	0	0.0%	68,000,000	5.9%	68,000,000	5.9%
Médiannuaire Holding	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4,450,786	0.4%	4,450,786	0.4%
Total [3]	**38,876,564**	**100%**	**39,022,759**	**100%**	**38,876,564**	**100%**	**38,796,025**	**100%**	**1,161,727,170**	**100%**	**1,160,203,410**	**100%**

Number of shares on the settlement date, respectively 31 December 2016, 31 December 2015 and 31 December 2014.

[1] Under the SoLocal Group savings plan (PEG).

[2] 85,887 treasury shares are held under a liquidity agreement as of 2 December 2012.

[3] The capital increase completed on 6 June 2014 resulted in the creation of 880,742,416 new shares and the reverse stock split finalised on 26 October 2015 brought the number of Company shares to 38,876,564 as of 31 December 2015.

The reverse stock split finalised on 26 October 2015 brought the number of Company shares to 38,876,564 as of 31 December 2015.

Authorised and unissued share capital

The Combined General Meeting of the Company's shareholders held on 15 December 2016 authorised the Board of Directors to undertake the following transactions:

Securities concerned	Term of the authorisation and expiration	Maximum amount of debt securities	Maximum par value of the capital increase
Issuance of shares with pre-emptive subscription rights (capital increase I by issuance of ordinary shares)	12 months 14 December 2017	N/A	€40.5 million [1]
Award of free ordinary shares to all shareholders	12 months 14 December 2017	N/A	€5.85 million
Issuance of bonds with a conversion option and redeemable into shares with elimination of the pre- of persons meeting certain specific criteria	12 months 14 December 2017	€202 million	€10.1 million
Issuance of ordinary shares and equity warrants, with elimination of the pre-emptive subscription rights subscription to the benefit of a category of persons meeting certain specific criteria	12 months 14 December 2017	N /A	€8.2 million and €4.6 million on exercise of the BSA
Capital increase for the benefit of members of Company and/or employee savings plan(s)	26 months 14 February 2019	–	€50,000

(1) Up to 46.57 million euros in the event of complete exercise of the extension clause provided for by the third resolution.

On 2 February 2017, the Board of Directors recorded the definitive reduction in the Company's capital by a reduction in the par value of the shares, which was reduced from 6 euros to 0.10 euro per share (*i.e.*, 3,887,656.40 euros divided into 38,876,564 shares of a par value of ten euro cents (0.10 euro) each).

IV. Related-party transactions and commitments subject to Articles L. 225-38 and L. 225-102-1 of the French Commercial Code

The following agreements and/or commitments are subject to Article L. 225-38 of the French Commercial Code and were entered into in 2016, or in a previous year and were still in effect in 2016:

- the terms and conditions of the appointment of Mr Jean-Pierre Remy as Chief Executive Officer (described in section 15.1 of the SoLocal Group Reference Document), which the Board of Directors had approved at its meeting of 17 May 2009;
- the terms and conditions of the compensation, severance payment and non-competition obligation of the appointment of Mr Christophe Pingard as Deputy Chief Executive Officer (described in section 15.1 of the SoLocal Group Reference Document), which the Board of Directors had approved at its meetings of 26 October 2011 and 13 December 2016.

No agreement referred to in Article L. 225-102-1 of the French Commercial Code has been concluded.

V. Corporate officers and Directors

The following table presents the duties and terms of office of SoLocal Group's corporate officers and directors as of the date of this report:

Name	Nationality	Duty(ies)	Date appointed	Date term of office expires	Other duties and main offices in other companies during the past five years
Nathalie Balla La Redoute 57, rue Blanchemaille 59100 Roubaix, France	French	Director Member of the Audit Committee	29 July 2014	AGM to be held in 2018	Chairwoman of BCR SAS (France) Chairwoman of New R SAS (France) Permanent representative of New R SAS, Chairwoman of La Redoute SAS (France) CEO of Relais Colis SAS (France) Director of La Redoute Sverige (Sweden) Director of Redcats (UK) Ltd (United Kingdom) Liquidator of La Redoute Mag SAS (France) Deputy Director of La Redoute Catalogue Benelux SA (Belgium) Director of La Redoute Switzerland SA (Switzerland) Chairwoman of La Redoute Catalogue Benelux SA (Belgium) Permanent representative of La Redoute, Chairwoman of Les Aubaines Mag SAS (France) Director of FEVAD (France) **Offices no longer held:** Chairwoman of Ref Brésil SA (France) Liquidator of Ellos France SAS (France) Permanent representative of La Redoute Mag, director of Ref Brazil its (France) Director and vice-president of PICOM (France) Chairwoman of La Redoute Mag SAS (France) Chairwoman of Ellos France SAS (France) Director of Redcats Brands Ltd (United Kingdom) Director of Redcats Finance Ltd (United Kingdom) Director of Holdsworth Collections Ltd (United Kingdom)
Jacques-Henri David 47, rue du Faubourg Saint-Honoré 75008 Paris, France	French	Director Member of the Audit Committee Member of the Financial Restructuring Committee	19 October 2016	AGM to be held in 2020	Director UGC - Paris (France) President of the Control Commission of Financial Activities of the Principality of Monaco (France) Director Edmond de Rothschild Europe - Luxembourg (Luxembourg) Director of Edmond de Rothschild Monaco (Monaco) Founder and chairman Acxior Corporate Finance (France) **Offices no longer held:** None
Sandrine Dufour Proximus (Belgacom) Boulevard du Roi Albert II 27 1030 Brussels, Belgium	French	Director Chairwoman of the Audit Committee	23 April 2013	AGM to be held in 2018	Financial Director and member of the Management Board of Proximus (Belgium) Director of BICS (Belgacom International Carrier Services) (Belgium) Director of Proximus Group Services SA (Belgium) Director of Connectimmo (Belgium) Director of Proximus Art Asbl (Belgium) **Offices no longer held:** Executive Director of Finance and Strategy of Groupe SFR (France) Chairwoman and CEO of CID SA (France) Chairwoman and CEO of SNBL SA (France) Permanent Representative of SFR, Director of SFD SA (France) Director of SHD SA (France) Permanent Representative of SFR, Director of Service Client SA (France) Permanent Representative of SFR, Director of SFR Collectivités SA (France) Director of Société Financière de Communication et du Multimedia SA (France) Permanent Representative of SFR, Director of Ltb-R SA (France) Member of the Supervisory Committees of Foncière Rimbaud 1 SAS, Foncière Rimbaud 2 SAS, Foncière Rimbaud 3 SAS, Foncière Rimbaud 4 SAS (France) Member of the Strategic and Financial Committee of La Poste Telecom SAS (France) Member of the Supervisory Committee of Numergy SAS (France) Chairwoman of the Board of LDCom Italy (Italy) Chairwoman of the Board of LDCom Switzerland (Switzerland) Member of the Audit Committee of Maroc Telecom (Morocco) Director of CEREP (France) CEO and Director of Watchever Group (formerly Vivendi Mobile Entertainment) (France) Director of Groupe Telindus France Director of SIG 75 (France)

Name	Nationality	Duty(ies)	Date appointed	Date term of office expires	Other duties and main offices in other companies during the past five years
Matthew Glowasky Monarch Alternative Capital Ltd 52-53 Conduit Street London W1S 2YX England	US	Observer	5 January 2017	AGM to be held in 2020	Managing Principal and Director of Monarch Alternative Capital (Europe) Ltd (United Kingdom) Director 52 Conduit 2 Ltd (United Kingdom) Director of several management companies of residences for elderly people with and without medical facilities in the United Kingdom **Offices no longer held:** Director of Merlin Properties SOCIMI SA, Madrid (Spain)
Alexandre Loussert 3, rue Jules Ferry 92400 Courbevoie, France	French	Director Member of the Remuneration and Appointments Committee Member of the Audit Committee Member of the Financial Restructuring Committee	19 October 2016	AGM to be held in 2020	None **Offices no longer held:** None
Arnaud Marion Marion & Partners 563 Chiswick High Road W4 3AY London, United Kingdom	French	Director Member of the Audit Committee Member of the Financial Restructuring Committee	19 October 2016	AGM to be held in 2020	Director Marion & Partner LTD ((United Kingdom)) Deputy Chief Executive Officer, non-director of Neuhauser Financiere (France) Deputy Chief Executive Officer, non-director of Boulangerie Viennoiserie Francaise (France) **Offices no longer held:** Manager of Initiales AM SARL (France) Manager then Chairman of Trans Consult International (France) Director of EGP (France) Manager of ART DAM (France) Chairman and then Liquidator of Sirenak (France) Chief Executive Officer of MIA ELECTRIC SAS (France) Representative of SideAlliance at the Supervisory Board of ASCOMETAL (France) Chairman and CEO and Director, then President of the Executive Board of DOUX SA (France)
Monica Menghini Dassault Systemes 10, rue Marcel Dassault CS 40501 78946 Vélizy Villacoublay, cedex France	Italian	Director	19 October 2016	AGM to be held in 2020	Assistant General Manager Strategy of Dassault systems **Offices no longer held:** None
Robert de Metz Dexia Group Bastion Tower – Place du Champ de Mars, 5 B-1050 Brussels, Belgium	French	Director Chairman of the Board of Directors Chairman of the Remuneration and Appointments Chairman of the Financial restructuring committee	5 November 2014	AGM to be held in 2019	Chairman of the Board and independent Director of Dexia SA (Belgian public company) Chairman of the Board and Director of Dexia Crédit Local (Belgium) Director and Chairman of the Audit Committee of Media Participations (Franco-Belgian) Deputy Chairman of Bee 2 Bees SA (Belgium) Member of the Executive Committee of the Fondation pour les Monuments Historiques (France) **Offices no longer held:** Member of the Supervisory Board of Canal Plus France SA (France) Non-executive Director and member of the Audit Committee of Belfius Banque (Dexia Banque Belgium) (Belgium).
Cécile Moulard Sixième Continent 5, rue de la Baume 75008 Paris France	French	Director Member of the Remuneration and Appointments Committee	26 mars 2013	AGM to be held in 2019	Director of MilleMercis (French public company) Director of Truffle Capital, an Internet incubator holding company (France) Director of AXA France (IARD-Vie) (France) **Offices no longer held:** Director of Foncière INEA (France)

Name	Nationality	Duty(ies)	Date appointed	Date term of office expires	Other duties and main offices in other companies during the past five years
Joelle Obadia PagesJaunes 204, Rond-Point du Pont de Sèvres 92100 Boulogne–Billancourt, France	French	Director and employee representative	7 April 2016	7 April 2020	None **Offices no longer held:** None
Jean-Pierre Remy SoLocal Group 204, Rond-Point du Pont de Sèvres 92100 Boulogne–Billancourt, France	French	Director CEO Member of the Financial restructuring committee	17 May 2009	AGM to be held in 2018	Chairman of the Board and Director of PagesJaunes (France)* Director of SoLocal Marketing Services (France) * Director of Mappy (France) * Chairman of the Board and Director of QDQ Media (Spain)* **Offices no longer held:** Chairman of the Board of SoLocal Group (French public company) CEO of PagesJaunes (France) Chairman of the Board of Directors and Director of Médiannuaire Holding (France)
John Slater Paulson & Co Inc 1251 Avenue of the Americas New York NY 10020 USA	British	Director	5 January 2017	AGM to be held in 2020	Partner Paulson & Co. Inc. Partner (United States) Director of Dex Media Inc. (United States) **Offices no longer held:** Director of Supermedia (United States)
Jean-Marc Tassetto Coorpacademy – EPFL Innovation Park Bâtiment I 1015 – Lausanne Switzerland	French	Director Member of the Remuneration and Appointments Committee	5 November 2014	AGM to be held 2019	Chairman of the Board of Directors of Coorpacademy Director of Paper. li (Switzerland) **Offices no longer held:** Independent consultant with the Board of Directors of Fullsix (France)

* Subsidiary of SoLocal Group.

Ms Abeille Deniau was elected Director and employee representative on 30 June 2015. In this context, she attended several meetings of the Company's Board of Directors. Following an application filed by a union organisation, the regional court of Boulogne–Billancourt, by a ruling of 18 December 2015, declared the elections of 30 June 2015 void. New elections for the Director and employee representative have been organis. Ms Joëlle Obadia was elected Director and employee representative on 7 April 2016.

The Company's General Shareholders' Meeting on 19 October 2016 appointed as Directors Ms Monica Menghini, whose candidacy had been suggested by the Board of Directors, and Mr Alexandre Loussert, Mr Jacques-Henri David and Mr Arnaud Marion, whose candidacies had been suggested by shareholders.

Furthermore, after the adoption of the revised financial restructuring plan by the Company's General Shareholders' Meeting on 15 December 2016, the corporate governance arrangements have been revised as follows:

- on 5 January 2017, the Company's Board of Directors took note of the resignation of Mr Rémy Sautter as Director and co-opted Mr John Slater to replace him as Director;
- Mr Matthew Glowasky was appointed observer representing the three creditors that are parties to the agreement signed on 3 November 2016 with the Company on the revised financial restructuring plan.

VI. Compensation and benefits of all types granted to SoLocal Group corporate officers by SoLocal Group

To executive corporate officers:

Summary table of each executive corporate officer's compensation

	Financial year 2016		Financial year 2015	
	Owed amount	Paid amount	Owed amount	Paid amount
Robert de Metz, Chairman of the Board of Directors				
Fixed compensation	—	—	—	—
Variable annual compensation	—	—	—	—
Exceptional compensation	—	—	—	—
Directors' fees	90,000[(2)]	90,000	90,000	95,133
Benefits in kind[(1)]	—	—	—	—
TOTAL	**90,000**	**90,000**	**90,000**	**95,133**
Jean-Pierre Remy, Chief Executive Officer				
Fixed compensation	520,000	520,000	520,000	520,000
Variable annual compensation	483,600	468,000	468,000	494,000
Exceptional compensation	—	—	—	—
Directors' fees	50,994	84,310	41,000	10,265
Benefits in kind[(1)]	20,414	20,414	20,233	20,233
TOTAL	**1,075,008**	**1,092,724**	**1,049,233**	**1,044,498**
Christophe Pingard, Deputy Chief Executive Officer				
Fixed compensation	370,000	370,000	370,000	370,000
Variable annual compensation	206,460	200,000	200,000	166,500
Exceptional compensation	—	—	—	—
Directors' fees	—	—	—	—
Benefits in kind[(1)]	19,244	19,244	18,785	18,785
TOTAL	**595,704**	**589,244**	**588,785**	**555,285**

(1) Availability of a company car and assumption of unemployment insurance contributions.

(2) According to the rules on the distribution of Directors' fees decided by the Board of Directors and in force in 2016, Robert de Metz received €90,000 as a lump sum for his participation on the Board of Directors.

Information relating to the terms for application of the variable share of the Chief Executive officer and of the Deputy Chief Executive Officer is given in Chapter 15.1 of the Reference Document.

To non-executive directors:

The information relating to the non-executive directors is given on page 100 and following of the Reference Document.

Compensation requiring shareholder approval

In accordance with the AFEP/MEDEF Corporate Governance Code, as revised in November 2015, which serves as the Company's governance guidelines pursuant to Article L. 225-37 of the French Commercial Code, shareholders will during the next General Shareholders' Meeting called to rule on the financial statements for the year ended 31 December 2016 be asked to approve the compensation owed to or to be attributed to Messrs Robert de Metz, Jean-Pierre Remy and Christophe Pingard in 2016.

ROBERT DE METZ, CHAIRMAN OF THE BOARD OF DIRECTORS

Items of remuneration due or attributed during the financial year ended		
	Amounts or valuation put to the vote	Presentation
Fixed portion	NA	No fixed compensation
Amount of annual variable portion	NA	No variable compensation
Valuation of deferred variable portion	NA	The principle of allotment of deferred variable compensation is not provided for
Valuation of multiannual variable compensation	NA	There is no multiannual variable compensation mechanism
Amount of exceptional compensation	NA	No exceptional compensation
Valuation of share options and performance shares or any other item of long-term compensation	NA	No attribution
Directors' fees	€90,000	€90,000 lump sum for his term of office as Chairman of the Board of Directors
Valuation of benefits of any kind	NA	
Items of compensation due or attributed during the financial year ended that form the subject or have formed the subject of a vote by the General Meeting with regard to the procedure on agreements and regulated commitments		
Amount payable on termination of office: • Severance payment	NA	NA
• Non-competition compensation	NA	NA
Amount payable under a supplementary retirement plan	NA	NA

JEAN-PIERRE REMY, CHIEF EXECUTIVE OFFICER

Items of compensation due or attributed during the financial year ended		
	Amounts or valuation put to the vote	Presentation
Fixed portion	€520,000	€520,000 in 2015
Amount of annual variable portion	€483,600	The variable compensation is made up of a target value that has been set for Mr Jean-Pierre Remy at 100% of his fixed compensation. This variable compensation can vary between 0% and 200% of his fixed compensation according to the level of attainment of the quantitative criteria (for 80%) and qualitative criteria (for 20%) established at the start of 2016 and detailed in the table on page 102 of the Reference Document. The variable portion of the 2016 compensation for Mr Jean-Pierre Remy has been fixed at €483,600, *i.e.* 93% of the target and 46.5% of the maximum bonus likely to be attained.
Valuation of deferred variable portion	NA	The principle of allotment of deferred variable compensation is not provided
Valuation of multiannual variable compensation	NA	There is no multiannual variable compensation mechanism
Amount of exceptional compensation	NA	No exceptional compensation
Valuation of share options and performance shares or any other item of long-term compensation	NA	No attribution during the financial year 2015
Directors' fees	€50,994	4,000 € per meeting of the Board of Directors
Valuation of benefits of any kind	€20,414	Availability of a company car and assumption of unemployment insurance contributions
Items of compensation due or attributed during the financial year ended that form the subject or have formed the subject of a vote by the General Meeting with regard to the procedure on agreements and regulated commitments		
Amount payable on termination of office: • Severance payment	No amount is payable for the financial year ended	Since Jean-Pierre Remy does not benefit from any employment contract, the Board of Directors decided to introduce a severance payment, in the event of his departure from the Company caused by and connected with a change of control or strategy or the implementation thereof, the amount of which would be equal to his flat-rate gross annual compensation (fixed and variable on attaining targets), provided that Jean-Pierre Remy attains at least 80% of his annual targets in the last three years. The payment would only be made once the Company's Board of Directors finds that the performance condition applicable has been fulfilled.
• Non-competition compensation	No amount is payable for the financial year ended	A non-competition obligation is provided for in the event of termination of the term of office of the Company's Chief Executive Officer, Jean-Pierre Remy, for any reason and in any form whatsoever. This prohibition from competition would be limited to a period of 24 months commencing on the day of actual termination of his duties, and would cover the entire French territory. The corresponding compensation would be equal to 12 months' compensation calculated based on the monthly average of his total gross compensation for the last 12 months preceding the date of termination of position. It would be paid to Jean-Pierre Remy at the end of each half-year at a rate of one-quarter of the total amount of the compensation. The Company will be entitled to release Jean-Pierre Remy from this non-competition clause by informing him of its decision within 15 calendar days of the meeting of the Board of Directors recording or deciding to terminate the term of office of the Company's Chief Executive Officer, Jean-Pierre Remy, at the latest. The total of the severance payment and the non-competition compensation may not exceed two years' compensation, both fixed and variable. These commitments were previously approved by the Board of Directors at its meetings on 17 May 2009 and 10 March 2014 and by the General Shareholders' Meetings on 10 June 2010 and 19 June 2014.
Amount payable under a supplementary retirement plan	No amount is payable for the financial year ended	Defined-contribution supplementary retirement plan (Art. 83 of the French Tax Code) resulting in a contribution of 5.50% applied to compensation tranches B and C. This contribution is borne in an amount of 40% by Jean-Pierre Remy, *i.e.* 2.20%, and in an amount of 60% by the company, *i.e.* 3.30%. This commitment was previously approved by the Board of Directors at its meetings on 17 May 2009 and 10 March 2014 and by the General Shareholders' Meetings on 10 June 2010 and 19 June 2014.

CHRISTOPHE PINGARD, DEPUTY CHIEF EXECUTIVE OFFICER

Items of compensation due or attributed during the financial year ended		
	Amounts or valuation put to the vote	Presentation
Fixed portion	€370,000	€370,000 in 2015
Amount of annual variable portion	€206,460	The variable compensation is made up of a target value that has been set has been set for Mr Christophe Pingard at 60% of his fixed compensation. This variable compensation can vary between 0% and 120% of his fixed compensation according to the level of attainment of the quantitative criteria (for 80%) and qualitative criteria (for 20%) established at the start of 2016 and detailed in the table on page 103 of the Reference Document. The variable portion of the 2016 compensation for Mr Christophe Pingard, Deputy Chief Executive Officer, has been fixed at €206,460, *i.e.* 93% of the target and 46.5% of the maximum bonus likely to be attained.
Valuation of deferred variable portion	NA	The principle of allotment of deferred variable compensation is not provided for
Valuation of multiannual variable compensation	NA	There is no multiannual variable compensation mechanism
Amount of exceptional compensation	NA	No exceptional compensation
Valuation of share options and performance shares or any other item of long-term compensation	NA	No attribution during the financial year 2015
Directors' fees	NA	Christophe Pingard is not a Company Director and does not receive any Directors' fees
Valuation of benefits of any kind	€19,244	Availability of a company car and payment of unemployment contributions
Items of compensation due or attributed during the financial year ended that form the subject or have formed the subject of a vote by the General Meeting with regard to the procedure on agreements and regulated commitments		
Amount payable on termination of office: • Severance payment	No amount is payable for the financial year ended	Since Christophe Pingard does not benefit from an employment contract, the Board of Directors therefore decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), provided that he has attained at least 80% of his objectives over the last three years. Compensation shall only be paid once the Board of Directors finds that the performance condition has been fulfilled. The amount of this severance pay shall equal 12 months of compensation calculated based on the average monthly total gross compensation paid during the 12 months of activity preceding the date of termination of position.
• Non-competition compensation		A non-competition obligation shall be implemented in the event of termination of office of the Deputy Chief Executive Officer, Christophe Pingard, for any reason and in any form whatsoever. This prohibition from competition shall be limited to a period of 24 months commencing on the day of actual termination of his duties, and shall cover the entire French territory. The corresponding remuneration shall be equal, based on a period of non-competition of 24 months, to 12 months' remuneration calculated based on the monthly average of his total gross remuneration for the last 12 months preceding the date of termination of position. It shall be paid to Christophe Pingard at the end of each half-year at a rate of one-quarter of the total amount of the remuneration. On termination of his duties, the Company may waive the benefit of the competition commitment (in which case it shall not be required to pay the corresponding remuneration). The cumulative amount of the two compensations, severance payment and non-competition compensation, cannot exceed two years of fixed and variable compensation. These commitments were previously approved by the Board of Directors at its meetings on 26 October 2011 and 29 April 2014 and by the General Shareholders' Meetings on 6 June 2012 and 19 June 2014. They will be submitted to the vote of the shareholders at the next annual General Shareholders' Meetings in 2017.
Amount payable under a supplementary retirement plan	No amount is payable for the financial year ended	Defined-contribution supplementary retirement plan (Art. 83 of the French Tax Code) resulting in a contribution of 5.50% applied to compensation tranches B and C. This contribution is borne in an amount of 40% by Christophe Pingard, *i.e.* 2.20%, and in an amount of 60% by the company, *i.e.* 3.30% This commitment was previously approved by the Board of Directors at its meetings on 26 October 2011 and 29 April 2014 and by the General Shareholders' Meetings on 6 June 2012 and 19 June 2014. They will be submitted to the vote of the shareholders at the next annual General Shareholders' Meetings in 2017.

VII. Amount of compensation and benefits of any kind received by corporate officers of SoLocal Group during the financial year from companies controlled by SoLocal Group

(in euros)

Corporate officers of SoLocal Group	Fixed compensation paid during the financial year 2016	Variable compensation and sundry premiums paid during the financial year 2016	Profit-sharing, participations and employer contributions paid during the financial year 2015	Benefits in kind granted during the financial year 2016	Directors' fees payable during the financial year 2016
Joelle Obadia	76,260	19,690	2,325	3,461	43,381

VIII. Compensation and benefits of all types received in 2015 by SoLocal Group corporate officers from the company that controls SoLocal Group

NONE

IX. Commitments that arise or may arise upon assuming or leaving office or thereafter

Concerning Mr Jean-Pierre-Remy:

There were no new commitments made to Mr Remy in 2016.

Commitments made to Mr Remy in 2009 were approved at the General Shareholders' Meetings of 10 June 2010 and 19 June 2014.

Concerning Mr Christophe Pingard:

The Board of Directors decided in its meeting on 13 December 2016 to align the initial conditions of Christophe Pingard to those applying to Jean-Pierre Remy.

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors therefore decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), provided that he has attained at least 80% of his objectives over the last three years Compensation shall only be paid once the Board of Directors finds that the performance condition has been fulfilled. The amount of this severance pay shall equal 12 months of remuneration calculated based on the average monthly total gross remuneration paid during the 12 months of activity preceding the date of termination of position.

The commitments made regarding Mr Christophe Pingard were approved by the General Shareholders' Meetings of 6 June 2012 and 19 June 2014. They will be submitted to the vote of the shareholders at the next annual General Shareholders' Meetings called to rule on the financial statements for the year ended 31 December 2016.

X. SoLocal Group stock options

Stock options

2005 plan

The Company set up a share subscription option plan on 28 June 2005 which, having matured on 28 June 2015, has been cancelled.

2007 plan

The Company also implemented a second share subscription option plan on 20 December 2007 involving 2,927,900 options with an exercise price of 14.46 euros (before adjustments following the capital increase of 6 June 2014 and the reverse stock split on 26 October 2015), and the same characteristics as the first plan, *i.e.* a term of ten years and full vesting of options after three years.

2009 plan

In 2009, the Company set up three share subscription option plans, on 23 July 2009 for 1,145,000 options at an exercise price of 6.71 euros (before adjustments following the capital increase of 6 June 2014 and the reverse stock split on 26 October 2015), on 29 October 2009 for 87,000 options at an exercise price of 8.84 euros (before adjustments following the capital increase of 6 June 2014 and the reverse stock split on 26 October 2015), and on 17 December 2009 for 75,000 options at an exercise price of 7.82 euros (before adjustments following the capital Increase of 6 June 2014 and the reverse stock split on 26 October 2015). These plans have the same characteristics as the first plan, i.e. a term of ten years and full vesting of options after three years.

Concerning the plan of 23 July 2009, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options are subject to the following performance obligation, in accordance with the AFEP/MEDEF Corporate Governance Code: attainment by Jean-Pierre Remy of his 2009, 2010 and 2011 targets. Since the Remunerations Committee granted Jean-Pierre Remy, based on attainment of his targets, 150%, 130% and 50% of his variable portion during the course of the years 2009, 2010 and 2011, the average is 110% and, implementing this plan, 140,000 options are finally allotted (9,450 options following adjustments).

Mr Remy will be required to reinvest 33% of the net capital gain obtained from the sale of the shares acquired by exercising his options in SoLocal Group shares. He must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

2010 plan

In 2010, the Company set up two share subscription plans: one on 27 July 2010 for 1,336,000 options at an exercise price of 8.58 euros (before adjustments following the capital increase of 6 June 2014 and the reverse stock split on 26 October 2015) and another on 16 December 2010 for 166,000 options at an exercise price of 7.09 euros (before adjustments following the capital increase of 6 June 2014 and the reverse stock split on 26 October 2015).

As with the first plan, these plans have terms of 10 years and are fully vested after three years.

Concerning the plan of 27 July 2010, the Board of Directors adopted the proposal of the Remuneration and Appointments Committee to grant 140,000 options to Jean-Pierre Remy.

All of these options are subject, in accordance with the AFEP/MEDEF Corporate Governance Code, to the following performance obligation: that Jean-Pierre Remy achieve his annual targets for 2010, 2011 and 2012. Since the Remunerations Committee granted Jean-Pierre Remy, based on attainment of his targets, 130%, 50% and 65% of his variable portion during the course of the years 2010, 2011 and 2012, the average is 81.67% and, implementing this plan, 114,333 options are finally allotted (7,717 options following adjustment).

Mr Remy will be required to reinvest 33% of the net capital gain obtained from the sale of the shares acquired by exercising these options in SoLocal Group shares. He must keep these shares registered in his own name until he has completed his term as Chief Executive Officer.

Given the capital increase that was completed on 6 June 2014 (see Chapter 5 of this document) and in accordance with the laws, regulations and rules that govern each of these plans, the Board of Directors decided, at its meeting of 19 June 2014, to adjust the terms of the share option subscription plans with respect to the option exercise price and the number of shares that may be subscribed by exercising an option.

Similarly, in order to take into account the Company's reverse stock split on 26 October 2015, the Chief Executive Officer, making use of the powers conferred on him by the Board of Directors on 21 July 2015, decided to adjust the exercise parity of the options for each individual plan, adopting a new parity equal to the current exercise parity of each option multiplied by a ratio of 1/30 (corresponding to the number of shares forming the capital following the reverse stock split divided by the number of shares forming the capital before the reverse stock split by taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares); it being stipulated that (i) for all the options from which each holder benefits under a plan, the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the options shall remain unchanged.

Consequently, any holder of options who could (before the 2015 adjustment) by exercising an option, subscribe for one (1) share with a nominal value of 0.20 euro at a specific exercise price, can now, by exercising that same option, subscribe for one-thirtieth of a share with a nominal value of 6 euros at the adjusted exercise price. Thus, a holder of options who could (before the 2015 adjustment), by exercising all the options it held under a plan, subscribe for thirty-one (31) shares with a nominal value of 0.20 euro for an overall price of 179.40 euros (5.78 euros times 31) can now, by exercising those same options, subscribe for one (1) share with a nominal value of 6 euros for an overall price of 173.61 euros.

Options to subscribe for new shares or to purchase existing shares granted during the year to each corporate officer by the share issuer or by any group company

Name of the executive corporate officer	Plan no. and date	Type of stock option (subscription or purchase)	Options valuation using the consolidated accounts method	Number of options granted during the year	Exercise price	Exercise period
Robert de Metz	—	—	—	—	—	—
Jean-Pierre Remy	—	—	—	—	—	—
Christophe Pingard	—	—	—	—	—	—

Share subscription or purchase options exercised during the year by each executive corporate officer

Name of the executive corporate officer	Plan no. and date	Number of options exercised during the year	Exercise price
Robert de Metz	—	—	—
Jean-Pierre Remy	23 July 2009 27 July 2010	None None	— —
Christophe Pingard	—	—	—

SoLocal Group performance share incentive plan:

The 2006 and 2008 plans

The Extraordinary Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to set up, on behalf of certain Group senior executives and employees, a performance share incentive plan, within the meaning of Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to enable them to profit from the Company's development. This authorisation was granted for a period of 38 months and the total number of shares freely allotted under this resolution may not represent more than 0.5% of the Company capital at the date of this General Shareholders' Meeting, *i.e.* 1,393,948 shares.

The Board of Directors drew up the conditions of an initial share allotment plan on 30 May 2006. This plan gave rise to the initial allotment of 602,361 shares to 591 Group personnel on 30 May 2006. Failing satisfaction of the performance conditions, the allottees' right to receive these shares free of charge is forfeit.

A second share allotment plan was drawn up on 20 November 2006 and gave rise to the allotment of 778,638 shares to 611 Group personnel. Bearing in mind the fact that the performance conditions were not satisfied in one of the two years concerned, only 50% of these shares were finally acquired by the beneficiaries on 20 November 2008.

A third plan was drawn up on 14 February 2008, giving rise to the allotment of 12,940 shares to 15 Group personnel. Failing satisfaction of the performance conditions, the allottees' right to receive these shares free of charge is forfeit.

The 2011, 2012 and 2013 plans

The shareholders of SoLocal Group, meeting at the Combined General Shareholders' Meeting on 7 June 2011, authorised the Board of Directors to implement a share allotment plan based on performance to certain managers and employees of SoLocal Group and its associated companies, within the meaning of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code.

This plan gave rise to the initial allotment of 1,226,000 shares to 41 Group personnel on 26 October 2011, including 140,000 shares to the benefit of Jean-Pierre Remy. A second share allotment plan was drawn up on 16 December 2011 and gave rise to the allotment of 84,000 shares to three Group personnel, including 60,000 shares to the benefit of Christophe Pingard. Bearing in mind the partial satisfaction of the performance conditions on these two plans, around 45% of these shares were finally acquired by the beneficiaries on 31 March 2014 (*i.e.*, as regards Jean-Pierre Remy and Christophe Pingard, the equivalent of 1,969 and 844 new shares, respectively).

A third allotment plan was drawn up on 11 December 2012 and gave rise to the allotment of 2,624,000 shares to 47 beneficiaries, including 300,000 shares to the benefit of Jean-Pierre Remy and 150,000 shares to the benefit of Christophe Pingard. A new allotment plan was drawn up on 11 December 2013 and gave rise to the allotment of 280,000 shares to 10 beneficiaries.

At its meeting of 19 June 2014, the Board of Directors decided to adjust the allotment of the performance shares granted under the plans approved on 11 December 2012 and 11 December 2013 to account for the effect of the capital increase with maintenance of the PSR. Bearing in mind the partial satisfaction of the performance conditions on these two plans, around 70.7% of these shares were finally acquired by the beneficiaries. This percentage corresponds to the attainment of 74.6% of the performance conditions regarding the development in revenues (two-thirds of the weight) and 63.0% of the performance conditions regarding the gross operating margin (one-third of the weight). Jean-Pierre Remy and Christophe Pingard therefore acquired on 31 March 2015, under the 11 December 2012 plan that is now closed, respectively 25,270 shares (758,100 shares before the reverse stock split on 26 October 2015) and 12,635 shares (379,050 shares before the reverse stock split on 26 October 2015).

The 2014 and 2015 plans

SoLocal Group shareholders, at an Extraordinary Meeting on 29 April 2014, authorised the Board of Directors to set up, on behalf of certain officers and employees of SoLocal Group and affiliated companies, a performance share incentive plan pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code.

On 19 June 2014, this plan gave rise to the allotment of 45,221,000 shares to 112 beneficiaries. A second share allotment plan was drawn up on 9 February 2015 and gave rise to the allotment of 2,305,000 shares to 12 Group personnel.

The Chief Executive Officer, making use of the powers conferred on him by the Company's Board of Directors at its meeting on 21 July 2015 decided, by decisions taken on 26 October 2015, to adjust the number of performance shares allotted in December 2013 and June 2014 in order to take into account the Company's reverse stock split according to the following procedure: adjustment with reference to the parity adopted for the reverse stock split, *i.e.* for each allottee of performance share, by applying a ratio of 1/30 (corresponding to the number of shares forming the capital following the reverse stock split divided by the number of shares forming the capital before the reverse stock split but taking into account the waiver by a Company shareholder of the reverse stock split of 23 old shares) to the number of performance shares to which the holder would have been entitled in the absence of an adjustment; it being stipulated that (i) the result (per beneficiary and per plan) shall be rounded down to the nearest whole number of new shares and that (ii) the other characteristics of the performance shares shall remain unchanged.

Thus a beneficiary of performance shares who (before the 2015) adjustment under a plan is entitled to thirty-one (31) performance share with a nominal value of 0.20 euro will now be entitled, under that same plan, to one (1) share with a par value of €6.

Performance shares allotted to each corporate officer

Performance shares allotted during the year by the General Shareholders' Meeting to each corporate officer by the issuer or a Group company (nominative list)	Plan no. and date	Number of shares allotted during the year	Valuation of shares using the consol. accounts method	Vesting date	End of lock-up	Performance target
Jean-Pierre Remy		-	-	-	-	-
Christophe Pingard	-	-	-	-	-	-

Performance shares made available for each corporate officer	Date of plan	Number of shares made available during financial year	Conditions of acquisition
Jean-Pierre Remy	26 October 2011	None	Amount of GOM
	11 December 2012	None	Amount of revenues and GOM
	19 June 2014	None	Organic annual revenue growth
Christophe Pingard	16 December 2011	None	Amount of GOM
	11 December 2012	None	Amount of revenues and GOM
	19 June 2014	None	Organic annual revenue growth
TOTAL			

Jean-Pierre Remy and Christophe Pingard must hold as registered shares 33% of the performance shares allotted in 2011, 25% of the performance shares allotted in 2012 (taking account of changes in taxation between these two dates) and 25% of the performance shares allotted in 2014, up until cessation of their mandate.

	Plan SoLocal Group
Number of performance shares allotted to the Group's nine largest allottees who are not corporate officers	
	None

XI. Corporate officer transactions involving SoLocal Group shares

NONE

XII. SoLocal Group's trading in its own shares during the year

Summary of the transactions performed within the scope of the programme approved by the General Shareholders' Meeting

As at 31 December 2016, the Company held 82,722 Company shares. The transactions performed within the scope of the 2016 Buy-Back Programme are summarised as follows:

Table up to date as at 31 December 2016

Number of shares forming the capital of SoLocal Group as at 31 December 2016	38,876,564
Treasury shares held directly or indirectly as of 1 January 2016 at opening	**86,788**
Number of securities bought between 1 January 2016 and 31 December 2016	1,485,71[7(1)]
Gross weighted average price of shares bought (euros)	**3,340**
Number of securities sold between 1 January 2016 and 31 December 2016	1,469,571
Gross weighted average price of shares sold (euros)	**3,441**
Number of free shares awarded to the employees under the performance share award programmes between 1 January 2016 and 31 December 2016	20,212
Number of shares cancelled in the last 24 months	**0**
Treasury shares held directly or indirectly as at 31 December 2016	85,887
Book value of the portfolio (valued at purchase price) as at 31 December 2016 (euros)	**260,425**
Market value of the portfolio as at 31 December 2016 (euros)	**255,115**

[1] of which 16,274 shares acquired at an average gross price of 3.97 euros for the purpose of the performance share award programmes in 2016.

As at 31 December 2016, all of the 85,887 shares held by the Company were assigned to the liquidity target. The Company no longer holds any shares connected with the share option programmes or other share allotments to employees of the Company or associated companies.

XIII. Significant factors in the event of a public bid

NONE

XIV. Material post balance sheet events

NONE

XV. Human resources report

SoLocal Group employed 42 people as at 31 December 2016 (compared with 42 people at the end of 2015 and 2014). This is a sufficient number of staff for the holding company of a public group.

All information concerning SoLocal Group's human resources may be found in chapter 17 of the SoLocal Group 2015 Reference Document and in the sections concerning the Company's corporate social responsibility appended to this report.

XVI. Legal employee profit sharing

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we are informing you of the status of legal employee profit sharing, which amounts to 229,977 shares held by employees out of the 38,876,564 forming the share capital as of 31 December 2016.

XVII. Research and development

At the forefront of its industry, SoLocal Group's expert staff and numerous partnerships enable it to conduct cutting-edge research and development. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

XVIII. Environmental impact of the Company's activities and sustainable development commitments

This information may be found in the sections concerning the Company's corporate social responsibility appended to this report.

XIX. Preventing discrimination and promoting diversity

This information may be found in the sections concerning the Company's corporate social responsibility appended to this report.

XX. Main risks and uncertainties

FOREIGN EXCHANGE RISK

See Note 29 of the Notes to the consolidated accounts.

LIQUIDITY RISK

See Note 29 of the Notes to the consolidated accounts.

INTEREST RATE RISK

See Note 29 of the Notes to the consolidated accounts.

CREDIT COUNTERPARTY RISK

See Note 29 of the Notes to the consolidated accounts.

EQUITY RISK

See Note 29 of the Notes to the consolidated accounts.

XXI. Non tax-deductible expenditures

Pursuant to Article 223 quater of the French General Tax Code, we inform you that the expenditures and expenses subject to paragraph 4 of Article 39 of said code for financial year 2016 totalled 74,880 euros and that the corresponding tax was 25,781 euros.

XXII. Supplier payment times

All of the trade payables on the balance sheet at 31 December 2016, which total 3.3 million euros (excluding accrued expenses) are payable within 60 days.

XXIII. Business development outlook

As at 31 December 2016, SoLocal Group is in a situation where the restructuring plan for its financial debt has been approved by the Company's creditors, the shareholders, and the Nanterre Commercial Court.

This financial restructuring plan aims at drastically reducing the Company's debt, to reduce it to a gross residual level of 400 million euros. It will enable the Group to deploy its strategic plan "Conquer 2020".

It is expected that the implementation of the financial restructuring plan will be completed on 15 March 2017 at the latest.

XXIV. Business activity of main subsidiaries

As Europe's top local digital communication provider, SoLocal Group fulfils a general-interest mission with strong potential which consists in "revealing local know-how, everywhere and stimulating the local activity of companies".

SoLocal Group generated revenues of 812.3 million euros in 2016, of which revenues from its Internet activities represented 80% and revenues from its Print & Voice activities represented 20%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet

In 2016, SoLocal Group recorded 648.7 million euros Internet revenues, representing 80% of Group revenues.

The Internet activities of SoLocal Group are now structured around two business lines:

- First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In 2016, this Local Search activity posted revenues of 490.6 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).
- Second, we create and provide Internet users with the best local and customised content about professionals. In 2016, this Digital Marketing activity represented revenues of 158.1 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+10% in 2016 compared to 2015). They comprise sites & contents, local programmatic and transactional services. In 2015, we innovated on these product ranges, with an upmarket move of our Internet sites and product & store locator offerings, and the successful launch of the ADhesive targeting offer, which benefits from our data on local purchasing intents expressed by Internet users, the launching of Booster Contact product (adwords), and more recently the launching of the "Tract Digital" product with Facebook. In addition, our transactional services have been rebranded PagesJaunes Resto and PagesJaunes Doc, leveraging on and strengthening the traffic generated on PagesJaunes.

Print & Voice

The Print & Voice activities generated 163.5 million euros in 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

During the 2016 financial year, the Group divested itself of four non-profitable and non-growth activities ("divested activities").

The accounts published by the Group at 31 December 2016 are broken down as follows: Consolidated, Continued Activities, Divested Activities.

In the presentation of its figures since the third quarter of 2015, and in this present Business Report, SoLocal Group isolates the dynamic of continued activities from that of those activities of which it has divested itself. The financial performance indicators are commented on the perimeter of continued activities.

As at 31 December 2016, net income from divested activities is zero, compared to -15.9 million euros as at 31 December 2015.

SoLocal Group	Continued activities						
	Period ended 31 December 2016			Period ended 31 December 2015			Recurrent variation
(in million euros)	Total	Recurrent	Exceptional	Total	Recurrent	Exceptional	2016/2015
Revenues	**812.3**	**812.3**	**-**	**872.6**	**872.6**	**-**	**-6.9%**
Net external expenses	(214.8)	(214.8)	-	(208.2)	(208.2)	-	3.2%
Personnel expenses	(368.5)	(368.5)	-	(394.1)	(394.1)	-	-6.5%
Recurring EBITDA	**229.0**	**229.0**	**-**	**270.3**	**270.3**	**-**	**-15.3%**
as% of revenues	*28.2%*	*28.2%*	-	*31.0%*	*31.0%*	-	
Non-recurring items	(5.1)	-	(5.1)	(49.1)	-	(49.1)	-
EBITDA	**223.9**	**229.0**	**(5.1)**	**221.2**	**270.3**	**(49.1)**	**-15.3%**
as% of revenues	*27.6%*	*28.2%*	-	*25.3%*	*31.0%*	-	
Depreciation and amortisation	(60.6)	(60.6)	-	(52.2)	(52.2)	-	16.1%
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
as% of revenues	*20.1%*	*20.7%*	-	*19.4%*	*25.0%*	-	
Financial income	1.4	1.4	-	1.9	1.9	-	-26.3%
Financial expenses	(75.2)	(75.2)	-	(85.5)	(85.5)	-	-12.0%
Net financial expenses	**(73.8)**	**(73.8)**	**-**	**(83.6)**	**(83.6)**	**-**	**-11.7%**
Share of income of associated businesses	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**89.4**	**94.5**	**(5.1)**	**85.6**	**134.7**	**(49.1)**	**-29.8%**
Corporate income tax	(40.4)	(42.2)	1.8	(43.0)	(62.1)	19.1	-32.0%
Income for the period	**49.0**	**52.3**	**(3.4)**	**42.5**	**72.6**	**(30.0)**	**-28.0%**

Financial performance over the past five years (pursuant to Articles 133-135-148 of the Decree of 23 March 1967)

Units for figures (other than share capital, all amounts are in thousands of euros)	2011	2012	2013	2014	2015	2016
1. Share capital and outstanding shares at year-end						
a) Share capital	56,196,951	56,196,951	56,196,951	232,345,434	233,259,384	233,259,384
b) Number of outstanding ordinary shares	280,984,754	280,984,754	280,984,754	1,161,727,170	38,876,565	38,876,565
2. Key financial figures						
a) Annual revenues, net of tax (1)	10,563	10,233	10,345	9,071	13,047	24,080
b) Profit before tax, profit-sharing, depreciation, amortisation and provisions	125,881	125,723	77,276	(142,015)	(152,278)	(98,531)
c) Corporate income tax	(63,300)	(55,410)	(57,839)	(56,153)	14,089	(51,474)
d) Legal employee profit sharing	-	-	-	-	-	-
e) Earnings after tax, depreciation, amortisation and provisions	187,724	166,731	(51,438)	(132,193)	(1,785,325)	8,640
f) Earnings distributed in n+1*	-	-	-	-	-	-
3. Key financial figures per share *(in euros)*						
a) Earnings after tax & profit-sharing but before depreciation, amortisation and provisions	0.67	0.64	0.48	-0.07	-4.28	-1.21
b) Earnings after tax, profit-sharing, depreciation, amortisation and provisions	0.67	0.59	-0.18	-0.11	-45.92	0.22
c) Dividend per share paid in n+1*	0.00	0.00	0.00	0.00	0.00	0.00
4. Personnel						
a) Average number of salaried employees during the year	38	38	45	43	43	38
b) Total payroll	8,645	7,342	8,721	7,536	8,107	7,986
c) Benefit payment	3,465	4,163	4,216	5,791	3,997	3,833

*or submitted to the General Meeting for the last fiscal year (before deduction of treasury shares).

(1) The amounts recorded as revenues net of tax include all operating income.

20.4 Verification of historical financial accounts

Statutory Auditors' report on the annual financial statements

For the year ended 31 December 2016

To the shareholders,

Pursuant to the task with which you have entrusted us at your General Shareholders' Meeting, we present our report on the following for the year ended 31 December 2016:

- our auditing of SoLocal Group's annual financial statements, as appended hereto;
- the justification of our assessments;
- the specific verifications and information required by law.

The approval of the annual financial statements is the responsibility of the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with French auditing standards. These standards require that we plan and perform our audit so as to enable reasonable assurance about whether or not the annual financial statements are free of material misstatement. An audit consists of verifying, on a test basis or using other selection methods, the elements that support the amounts and information provided in the annual financial statements. It also consists of evaluating the accounting policies observed, the significant estimates used, and the overall presentation of financial statements. We believe that the information we collected is sufficient and appropriate to serve as a basis for our opinion.

We certify that the annual financial statements are, under French accounting principles and rules, correct and true and fairly present the results of the previous year's transactions and the company's financial position and assets at the end of that year.

Without qualifying the opinion expressed above, we bring to your attention the context of the financial debt restructuring described in the "Note on the going concern principle" set forth in Note 2 "Accounting rules and methods" to the consolidated financial statements.

II. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code on the justification of our assessments, we call your attention to the following:

Your company's management makes estimates and assumptions that affect the amounts presented in its financial statements and the accompanying notes. Results may differ significantly from these estimates since actual business conditions may differ from expectations. In our auditing of the annual financial statements, we estimated that the company's equity interests (see Note 3.2 to the annual financial statements) involved the most significant estimates and required a justification of our assessments.

In accordance with the professional standards that govern the assessment of accounting estimates, we assessed, among other things, the data and assumptions used as the basis for the estimates of the value of the equity interests (and most notably the projected cash flows estimated by your company's operational departments), examined your company's calculations and the sensitivity of the main values in use, compared the accounting estimates of previous years with actual figures and reviewed management's procedure for approving these estimates.

As indicated in the first part of this report, the "Note on the going concern principle" set forth in Note 2 to the consolidated financial statements describes the debt restructuring currently being carried out at the company. We examined the measures implemented or to implement during the first quarter of 2017 in respect thereto. Based on our procedures and the information which has been provided to us as of the date hereof and, in the context of our appreciation of the accounting policies adopted by your company, we believe that the note in the appendix provides appropriate disclosures regarding the company's position in terms of the going concern principle.

These assessments were made within the framework of our overall audit of the annual financial statements and therefore served as a basis for our opinion, as expressed in the first part of this report.

III. Specific verifications and information

In accordance with professional standards in France, we also carried out the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency of the annual financial statements with the information provided in the management report from the Board of Directors and in the documents provided to shareholders on the financial position and the annual financial statements.

Concerning the information provided pursuant to Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by the corporate officers and any other commitments made to them, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information your company has obtained from companies that control your company or are controlled by it. On the basis of this work, we certify the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information on the acquisition of controlling interests and other equity investments and on the identity of the holders of share capital and voting rights have been provided in the management report.

Paris-La Défense and Neuilly-sur-Seine, 6 February 2017

Statutory Auditors

AUDITEX	BEAS
Member of the Ernst & Young network Global Limited	
Vincent de La Bachelerie	Joël Assayah

Statutory Auditors' report on the consolidated accounts

Financial year ended 31 December 2016

To the shareholders,

Pursuant to the task with which you have entrusted us at your General Shareholders' Meeting, we present our report on the following for the year ended 31 December 2016:

- our audit of SoLocal Group's consolidated financial statements as appended hereto;
- the justification of our assessments;
- the specific verification required by law.

The approval of the consolidated financial statements is the Board of Directors' responsibility. It is our responsibility, on the basis of our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with French auditing standards. These standards require that we plan and perform our audit so as to enable reasonable assurance about whether or not the consolidated financial statements are free of material misstatement. An audit consists of verifying, on a test basis or using other selection methods, the elements that support the amounts and information provided in the consolidated financial statements. It also consists of evaluating the accounting policies observed, the significant estimates used, and the overall presentation of financial statements. We believe that the information we collected is sufficient and appropriate to serve as a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and net income of the consolidated companies and entities, in accordance with IFRS standards as adopted in the European Union.

Without qualifying the opinion expressed above, we bring to your attention the context of the financial debt restructuring described in the "Note on the going concern principle" set forth in Note 2 "Context of publication and basis for preparation of the 2016 consolidated financial statements" in the appendix of the consolidated financial statements.

II. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code on the justification of our assessments, we call your attention to the following:

As specified in Note 2 to the consolidated financial statements, your company's management makes estimates and assumptions that affect the amounts presented in its financial statements and the accompanying notes. Note 2 also indicates that results may differ significantly from these estimates, since actual business conditions may differ from expectations. In our auditing of the consolidated financial statements as at 31 December 2016, we estimated that the accounts that involved the most significant estimates and required a justification of our assessments were goodwill, provisions for risks and contingencies relating to disputes linked to your company's reorganisation, salesmen remuneration debts, acquisition costs of contracts, and employee benefits.

In accordance with the professional standards that govern the assessment of accounting estimates, we focused mainly on the following:

- with respect to goodwill: the data and assumptions on which the estimates are founded and in particular, the definition of cash-generating units and the projected cash flows estimated by your company's operational departments. We examined your company's calculations and the sensitivity of the main values in use and examined the principles and methods used to determine fair values;
- with respect to the disputes brought by the former employees following confirmation of invalidation of the employment protection plan by the Council of State, the legal arguments, the data and assumptions on which the estimates are based, particularly the estimated number of months of compensation to be paid and the unit average cost;
- with respect to salesmen remuneration debts, the data and assumptions on which the estimates are based, particularly the attainment of performance targets and the reliability of the underlying information systems;
- with respect to the acquisition costs of contracts: the nature of the costs capitalised and whether their capitalisation is justified, and the data and assumptions on which the estimates are based;
- with respect to personnel benefits: the method used to determine provisions. Our work consisted in examining the data used, assessing actuarial assumptions, reviewing calculations and ensuring that Notes 3.16 and 23 to the consolidated financial statements provide appropriate information.

As indicated in the first part of this report, the Note on the going concern principle set forth in Note 2 to the consolidated financial statements describes the debt restructuring currently being carried out at the company. We examined the measures implemented or to implement during the first quarter of 2017 in respect thereto. Based on our procedures and the information which has been provided to us as of the date hereof and, in the context of our appreciation of the accounting policies adopted by your company, we believe that the "Going concern" note and Note 25 "Cash and cash equivalents, net borrowings" in the consolidated financial statements provide appropriate disclosures regarding the company's position in terms of the going concern principle and the consequences of the financial restructuring on the loan issue costs included in its debt at the closing date.

These assessments were made within the framework of our overall audit of the consolidated financial statements and therefore served as a basis for our opinion, as expressed in the first part of this report.

III. Specific verification

In accordance with professional standards in France, we also carried out the specific verification required by law on the information concerning the group provided in the management report.

We have no matters to report regarding the fair presentation of this information or its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, 6 February 20177

Statutory Auditors

AUDITEX	BEAS
Member of the Ernst & Young network Global Limited	
Vincent de La Bachelerie	Joël Assayah

20.5 Dividend distribution policy

Dividend for 2010

The General Shareholders' Meeting of 7 June 2011 approved the payment of a dividend of 0.58 euro per share.

Dividend for 2011

The General Shareholders' Meeting of 6 June 2012 decided not to pay a dividend for 2011.

Dividend for 2012

The General Shareholders' Meeting of 5 June 2013 decided not to pay a dividend for 2012.

Dividend for 2013

The General Shareholders' Meeting of 19 June 2014 decided not to pay a dividend for 2013.

Dividend for 2014

The General Shareholders' Meeting of 11 June 2015 decided not to pay a dividend for 2014.

Dividend for 2015

The Board Meeting of 10 February 2016 decided to propose to the Annual General Shareholders' Meeting approval of the 2015 accounts and not to pay a dividend for 2015.

Dividend for 2016

The Board Meeting of 2 February 2017 decided to propose to the Annual General Shareholders' Meeting approval of the 2016 accounts and not to pay a dividend for 2016.

20.6 Litigation and arbitration

In the normal course of its business activities, the Company may be involved in a certain number of legal, arbitration and administrative proceedings.

Provisions are only constituted for expenses contingent on such proceedings when such expenses are considered to be likely and their amount can be either quantified or estimated within a reasonable range. If this is the case, the amount provisioned represents the lowest estimate in the range. The amount of the provisions is based on a case-by-case assessment of the risk level, and does not depend primarily on the progress of the proceedings. However, it should be noted that events during proceedings may result in a reassessment of this risk.

With the exception of the proceedings described in chapter 4 of this document and Note 31 «Disputes» to the consolidated financial statements, neither the Company nor any of its subsidiaries are parties in any court or arbitration proceedings (and the Company is aware of no such proceedings that may be envisaged by any government authority or third party), which the Company's Management estimates that the probable outcome could reasonably have a material negative impact on its earnings, business or consolidated financial position.

There are no other government, court or arbitration proceedings, including any proceedings of which the Company is aware, pending or threatened, that could have or has had a significant effect on the financial position or the profitability of the Company and/or of the Group during the last twelve months.

20.7 Significant change in financial or business position

The significant events occurring between the balance sheet date and 2 February 2017, when the financial statements were approved by the Board of Directors, are described in Note 35 to the consolidated financial statements.

20.8 Auditors' fees

A table of auditor fees is provided in Section 20.1 (Historical financial information) of Note 33 to the consolidated financial statements

ADDITIONAL INFORMATION

21.1 Share capital
21.2 Articles of incorporation and association

21.1 Share capital

Rights and obligations attached to shares (Article 10 of the Articles of Association)

Each share entitles the holder to a share in the profits, in ownership of Company assets and in the liquidation dividend, in a proportion equal to the share of capital it represents. In addition, each share entitles its holder to vote and be represented at General Shareholders' Meetings, in accordance with the law and the Articles of Association. Ownership of shares automatically implies full adherence to the Company's Articles of Association and to decisions taken at the General Shareholders' Meeting.

Shareholders are liable for losses only in the amount of their contribution to capital.

The heirs, creditors, assignees or representatives of a shareholder may not request that the Company's assets, securities or shares be placed under seal, divided or put up for public auction, nor may they interfere in the Company's management. In order to exercise their rights, they must refer to corporate inventories and decisions taken at General Shareholders' Meetings.

Where exercising a particular right requires multiple shares to be owned, shareholders who do not own the required number of shares are responsible to form a group and, where appropriate, purchasing or selling shares as necessary.

The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

In the event that the capital is increased by capitalisation of reserves, profits or issue premiums, this double voting right will apply, as soon as they are issued, to new shares granted to a shareholder on the basis of existing shares for which he already holds this right. Any share converted to a bearer share or for which ownership is transferred will lose the double voting right, subject to exceptions provided for by law. These provisions entered into effect on 1 May 2013.

21.1.1 Share capital

As of the date of this Reference Document, the share capital amounts to 57,683,778.20 euros, divided into 576,837,782 fully paid-up shares with a nominal value of 0.10 euro each, all in the same class.

AUTHORISED CAPITAL NOT ISSUED

The Extraordinary or Combined General Shareholders' Meetings of 29 April 2014, 19 June 2014 and 15 December 2016 delegated to the Board of Directors the following authorities, under the conditions set out in the table below:

Securities concerned	Duration of the authorisation and expiration	Maximum amount of debt securities	Maximum nominal amount of capital increase
Issue of new shares with pre-emptive subscription rights	12 months 15 December 2017	—	€40.50 million
Issue of new shares without pre-emptive subscription rights, to the benefit of a category of persons	12 months 15 December 2017	—	€8.20 million
Bonds with a conversion option and redeemable into shares without pre-emptive subscription rights to the benefit of a category of persons	12 months 15 December 2017	€202 million	
Increase in the number of shares to issue in the event of oversubscription during an issue with pre-emptive subscription rights	12 months 15 December 2017	—	15% of the initial amount issued
Capital increase by capitalisation of reserves, profits or premiums	12 months 15 December 2017	—	€5.85 million
Authorisation to award free shares of the Company	38 months 29 June 2017	—	€5.85 million
Capital increase for the benefit of members of Company and/or employee savings plan(s)	26 months 15 February 2019	—	50,000.00 euros

As of the date of this Reference Document, the delegations relating to the issue of new shares with pre-emptive subscription rights, the issue of new shares without pre-emptive subscription rights to the benefit of a category of persons, the issue of bonds with a conversion option and redeemable into shares without pre-emptive subscription rights to the benefit of a category of persons and capital increase by capitalisation of reserves, profits or premiums have been implemented by the Board of Directors of the Company.

OTHER SECURITIES GIVING RIGHTS TO CAPITAL

On 13 March 2017, the Company issued to the benefit of the creditors, under its financial restructuring plan, 9,067,200 subordinated bonds with conversion option and redeemable into shares (mandatory convertible bonds or MCB), for a nominal amount of 18.13 million euros, giving right to the allotment of 9,067,200 shares in the event of conversion of all MCB, *i.e.* 1.55% of the Company's capital. On 7 April 2017, 8,447,696 MCB were still outstanding given the redemption of 619,504 MCB during March 2017.

21.1.2 Non-equity shares

At the registration date of this Reference Document, there were no non-equity shares.

21.1.3 Acquisition by the Company of its own shares

In accordance with Articles 225-209 and onwards of the French Commercial Code, the Combined General Shareholders' Meeting of 19 October 2015 authorised the Board of Directors to acquire Company shares, up to a maximum of 10% of the existing share capital at the date when the delegation takes effect, under the following conditions:

- the maximum purchase price may not exceed 5 euros per share. In the event of capital transactions, including capitalisation of reserves, allotment of free shares and/or stock splits or reverse splits, this price will be adjusted accordingly;
- the maximum amount of the provisions intended for the buy-back programme stands at 50,000,000 euros;
- this authorisation is valid for an 18-month period; any acquisitions made by the Company under this authorisation may not, under any circumstances, lead to owning, directly or indirectly, more than 10% of the shares composing the share capital;
- shares may be acquired or transferred at any time, except during public offering periods, in compliance with statutory or regulatory requirements, by any method, in particular, on the market, on multi-lateral trading facilities or over-the-counter, including block purchases or sales, and by the use of derivative financial instruments traded in regulated markets, multi-lateral trading facilities, or over-the-counter services. At the General Shareholders' Meeting called to rule on the 2016 accounts, the shareholders will be asked to give their opinion on this share buyback programme.

21.1.4 Other information

OPTION PLANS AND ALLOTMENT OF PERFORMANCE SHARES

The information relating to option plans and allotment of performance shares are described in Chapter 17 of this document.

CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR EQUITY WARRANTS

At the registration date of this Reference Document, there were no other convertible or exchangeable securities or equity warrants other than bonds with conversion option and redeemable into shares (see Section 21.1.1 of this document).

INFORMATION ON THE CONDITIONS GOVERNING ANY ACQUISITION RIGHTS AND/OR ANY OBLIGATIONS ATTACHED TO CAPITAL SUBSCRIBED BUT NOT PAID UP

Information relating to authorisations to issue shares given to the Board of Directors by the General Shareholders' Meeting is set out in Section 21.1.1 of this document.

INFORMATION ON THE CAPITAL OF ANY OF THE GROUP'S MEMBERS SUBJECT TO AN OPTION OR A CONDITIONAL OR UNCONDITIONAL AGREEMENT

At the registration date of this Reference Document, no member of the Group had any option or agreement of this type.

21.1.5 History of share capital and voting rights

Information on the distribution of the Company's share capital is provided in Chapter 18 – Main shareholders of this document.

Statement of change in share capital

Date	Operation	Number of shares issued	Nominal amount of capital increase	Premium per share	Total amount of premium	Successive capital amounts	Number of shares	Par value
Combined General Shareholders' Meeting of 27 May 2004	Stock split	274,050,000	–	–	–	€54,810,000	274,050,000	€0.20
Initial Public Offering July 2004	Restricted capital increase for employees of France Télécom Group	4,739,610	€947,922	€11.10	€52,609,671	€55,757,922	278,789,610	€0.20
15 January 2007	Recognition of capital increase resulting from share subscription options exercised in 2006	1,477,170	€295,434	€17.60	€25,990,960.40	€56,053,356	280,266,780	€0.20
15 January 2008	Recognition of capital increase resulting from share subscription options exercised in 2007	377,670	€75,534	€11.52	€4,350,758.40	€56,128,890	280,644,450	€0.20
25 February 2009	Recognition of capital increase resulting from performance shares allotted in 2008	340,304	€68,060.80	–	–	€56,196,950.80	280,984,754	€0.20
6 June 2014	Capital increase with preferential subscription rights and restricted capital Increase in reserved capital	880,742,416	€440,371,208	€0.50	€264,222,724	€232,345,434	1,161,727,170	€0.20
29 April 2015	Restricted capital increase for employees of SoLocal Group	4,569,773	€913,954.60	€0.36	€921,266.37	€233,259,388.60	1,166,296,943	€0.20
26 October 2015	Reverse stock split of Company shares by allotment of one (1) new ordinary share with a nominal value of 6 euros for thirty (30) old ordinary shares with a nominal value of 0.20 euro each	–	–	–	–	€233,259,384	38,876,564	€6
2 February 2017	Capital reduction by reduction in the par value of each share	–	–	–	–	€3,887,656.40	38,876,564	€0.10
13 March 2017	Free share allotment at a rate of 3 free shares for 2 shares held as of 10 March 2017	58,314,846	€5,831,484.60	–	–	€9,719,141	97,191,410	€0.10
13 March 2017	Capital increase with preferential subscription rights	398,484,781	€39,848,478.10	€0.90	€358,636,303	€49,567,619.10	495,676,191	€0.10
13 March 2017	Restricted capital increase	80,542,087	€8,054,208.70	€4.41	€355,190,603.67	€57,621,827.80	576,218,278	€0.10
7 April 2017	Recognition of capital increase resulting from the MCB redemption	619,504	€61,950.40	€1.90	€1,177,057.60	€57,683,778.20	576,837,782	€0.10

COMMENTS ON MATERIAL CHANGES IN THE BREAKDOWN OF THE COMPANY'S SHARE CAPITAL DURING THE LAST THREE YEARS

Recent changes in the breakdown of the Company's share capital are described in Section 18.1 of this Reference Document.

PLEDGES

See Section 18.5 of this document.

MARKET FOR COMPANY SHARES

Month	Low (in euros)	High (in euros)	Last price (in euros)	Volume traded traded	Capital (in euros)
January 2016	5.651	6.995	6.220	4,047,929	25,125,445
February 2016	3.435	6.483	3.730	8,581,980	36,539,304
March 2016	3.765	5.740	4.502	8,352,221	40,723,308
April 2016	4.082	5.630	5.200	4,959,603	24,046,273
May 2016	2.862	5.380	3.253	8,300,959	31,120,290
June 2016	2.001	3.350	2.159	5,286,215	14,497,454
July 2016	2.073	3.500	3.399	7,035,628	19,461,225
August 2016	2.350	3.585	2.610	6,868,733	19,324,950
September 2016	2.100	4.248	3.813	12,579,251	36,653,549
October 2016	3.010	4.277	3.162	10,890,248	37,982,939
November 2016	2.910	3.700	3.100	6,699,156	21,647,247
December 2016	2.741	3.628	3.084	11,673,131	37,500,948
January 2017*	0.769	1.043	0.793	18,384,972	16,032,622
February 2017*	0.786	1.310	1.187	44,692,315	43,881,703
March 2017*	0.841	1.274	0.998	109,723,177	106,293,384

* Prices and volume adjusted for the detachment of the pre-emptive subscription rights on 13 February 2017 and the free allotment of shares on 9 March 2017

21.2 Articles of incorporation and association

21.2.1 Corporate purpose

In accordance with Article 3 of the Articles of Association, the Company's corporate purpose, in France and abroad, is to:

- acquire and hold shares, interests or other securities in French or foreign legal entities, to define the policies to be implemented by subsidiary companies and to provide any and all services to companies in which it holds shares;
- acquire by any means, without exception or reservation, to hold by any means and in any capacity, to manage and, if appropriate, to transfer by any means, without exception or reservation, all or part of any majority or minority interests that may be directly or indirectly related to the Company's corporate purpose and to any similar or ancillary purpose.

In addition, the Company's purpose, in France and abroad, directly or indirectly, is to:

- publish, on its own behalf or on behalf of third parties, all directories using any current or future publication processes and means, to provide information services by any current or future processes and means and to carry on the business of advertising in all its forms, by any method and for any purpose;
- advise, research, design, produce, update and maintain all services related to any type of information distribution system on an open or closed network, whether connected via computer or telephone, wire-based, satellite, cable or other methods, as well as any other activity related to such services, and especially to Internet or Intranet sites;
- collect, acquire, enhance, manage, process, market, or host data and files of any kind;
- perform all activities directly or indirectly related to such services or that are a prerequisite or accessory to or a condition or extension of such services, or which are likely to encourage or develop them;
- and, in general, undertake any industrial, commercial, financial, civil, real or personal property operations that may be directly or indirectly related to any of the aforementioned purposes or to any similar or related corporate purposes.

PROVISIONS IN THE ARTICLES OF INCORPORATION, ARTICLES OF ASSOCIATION AND THE INTERNAL REGULATIONS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The Company is administered by a Board of Directors composed of three to eighteen members (subject to legal exceptions in the event of a merger). There are currently eight Directors on the Board.

Directors are elected by the shareholders at Ordinary General Shareholders' Meetings. Each Director must hold at least one Company share. Pursuant to the Company's Articles of Association, each director is elected for a four-year term. There is no limit to the number of times a director may be re-elected.

The Board of Directors includes a Director who represents the Company's employees as well as the employees of its direct or indirect subsidiaries (as defined in Article L. 225-27 of the French Commercial Code) whose registered office is located on French territory.

This Director is elected in two rounds by majority vote. All staff members who meet the conditions set by law are eligible to vote and stand for election. Each candidacy must include, in addition to the candidate's name, the name of a substitute who may replace him in the event of absence for any reason.

The Director and employee representative is elected for a four-year term. The first Director representing the employees shall assume his position on the Board at the first meeting of the Board of Directors, held after publication of the complete results of the first elections. The next Director and employee representative shall assume his position on expiry of the term of the outgoing and employee representative.

If a Director and employee representative ceases to be a member of staff, his responsibilities as a Director are terminated.

The Board of Directors elects a Chairman from among its members. The Chairman is elected for his entire term as a Director, and may be re- elected.

The Board of Directors meets on a notice from the Chairman. Meetings may be called by any method, including verbally in an emergency, and as often as the Chairman deems necessary. They may be held at the registered office or any other location indicated in the notice of meeting.

When the Board of Directors has not met for more than two months, at least one-third of the Board members may ask the Chairman at any time to call a Board meeting based on a specific agenda. The Chief Executive Officer may also ask the Chairman at any time to call a meeting of the Board of Directors based on a given agenda.

The Board of Directors' deliberations are valid only if at least half of its members are present.

Decisions are taken by a majority vote of the members who are present or represented. In the event of a tied vote, the Chairman of the meeting shall cast the deciding vote.

Subject to statutory and regulatory provisions, meetings of the Board of Directors may be held by means of videoconference or any other means of telecommunication. Any Director participating in a Board meeting by means of videoconference or other means of telecommunication is deemed to be in attendance for the purposes of quorum and majority. The Board of Directors sets out the overall strategic direction for the Company's business activities and ensures it is implemented. Subject to any powers expressly granted to Shareholders' Meetings and within the limits of the corporate purpose, the Board deals with all matters relating to the proper functioning of the Company and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Chairman or the Company's Chief Executive Officer is required to provide each Director with all documents and information they need to fulfil their duties.

INTERNAL REGULATIONS

Internal regulations for the Board of Directors were defined at the Board of Directors' meeting of 23 September 2004. These internal regulations specify the guiding principles for the operation of the Board and the rights and duties of the Directors.

The main provisions of the Board's internal regulations are summarised below.

PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Strategic direction

Pursuant to Article 17 of the Articles of Association, the Board of Directors determines the overall strategic orientation of the Company's activities and ensures it is implemented.

This means that the Board makes all decisions related to the Company's major strategic, economic, social, financial and technological objectives and ensures that these decisions are implemented.

The medium-term objectives for the Group's activities are defined, each year, in a strategic plan, which is prepared and presented by the Chief Executive Officer to the Board of Directors for approval. This draft includes projected trends for the Group's key operational and financial indicators in particular. The Chief Executive Officer presents a draft annual budget based on these objectives.

The Chief Executive Officer is responsible for implementing the objectives set out in the strategic plan.

The Chief Executive Officer informs the Board of Directors of any problems or, more generally, any matter which may affect the achievement of any of the objectives of the strategic plan.

Committees of the Board of Directors

In order to prepare its work, the Board of Directors has created an Audit Committee and a Remuneration and Appointments Committee.

The operating conditions and areas of authority of each Committee are stipulated in the Charters of these Committees, which are approved by the Board of Directors.

DUTIES AND RESPONSIBILITIES OF THE DIRECTORS

Directors' duty of confidentiality

Directors are bound by an absolute obligation of confidentiality with regard to the content of discussions and deliberations by the Board and its Committees and any information presented to them.

Director's duty of independence

In carrying out the mandate entrusted to them, directors must make all decisions independently of any interest other than that of the Company.

Each Director is required to inform the Chairman of any situation affecting him that could create a conflict of interest with the Company or any Group Company. Where appropriate, the Chairman may seek the opinion of the Remuneration and Appointments Committee.

At the end of this process, it is the responsibility of the Director in question to act accordingly, under the terms of the applicable legislation.

Duties of directors with regard to securities of the Company

Each Director must hold at least one Company share.

Any Company shares held by Directors at the time they join the Board must be registered in their own names, as well as any shares they acquire during their term of office.

Directors are forbidden to:

- execute any transaction on the securities of the traded companies of the Group as long as they hold privileged information;
- make short sales on these securities directly or indirectly.

The first prohibition applies in particular during the period of preparation and presentation of the Group's annual and semi-annual results and quarterly information.

It also applies during special periods when projects or transactions that warrant such a prohibition are being prepared.

The Professional Ethics Charter, which specifies the rules relating to inside information, applies to the Directors.

Director's duty of care

In accepting the office entrusted to them, Directors agree to fully assume all their responsibilities and, in particular, to:

- devote whatever time is required to study matters dealt with by the Board and, if applicable, any Committees of which they are members;
- request all additional information they consider useful;
- ensure that these Regulations are applied;
- freely form their opinion before any decision, considering only the Company's interest;
- actively participate in all Board meetings, unless they are unable to do so;
- formulate all proposals to improve the working conditions of the Board and its Committees.

The Board constantly seeks to improve the information communicated to shareholders. Each Director must play a part in achieving this goal, particularly through his contribution to the work of the Board's Committees.

Directors agree to tender their resignation to the Board when they believe, in good faith, that they are no longer able to fully assume their responsibilities.

PROFESSIONAL ETHICS CHARTER

At its meeting on 23 September 2004, the Board of Directors adopted a Professional Ethics Charter (available on the PagesJaunes Groupe website at http://www.solocalgroup.com).

This Charter sets out the Group's values and presents its principles for dealing with customers, shareholders, employees, suppliers, and competitors, and with respect to the environment and the countries in which it operates.

In addition, it stipulates a number of principles of personal conduct that each Group employee, Director and executive must respect, and which encourage honest and ethical conduct on their part, as well as accurate, complete and timely communication of published information.

The Professional Ethics Charter refers to the principles and rules applicable to stock market ethics and the requirement to comply with them scrupulously. It imposes certain preventive measures including, closed periods when "permanent insiders", such as members of the Board of Directors and other executives, are not permitted to trade in the Company's shares.

The Professional Ethics Charter applies to each member of the Board of Directors and to all of the Group's executives and employees.

CHAIRMAN OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the Board of Directors is an individual elected by the Board from among its members. Furthermore, the Board of Directors may decide whether to separate or combine the positions of Chairman of the Board and Chief Executive Officer. If the decision is taken to separate these roles, the Board of Directors appoints the Chief Executive Officer.

At its meeting of 5 November 2014, the Board of Directors decided to separate the positions of Chairman of the Board and Chief Executive Officer (these positions had been combined into a single post at a Board meeting on 11 December 2012).

The Chief Executive Officer, subject to the power expressly granted to Shareholders' Meetings and the Board of Directors, and within the limits of the corporate purpose, is vested with the widest powers to act, in all circumstances, in the name of the Company, with the following stipulations:

(i) the Chief Executive Officer must present a draft strategic plan to the Board of Directors each year defining the Group's medium-term business objectives including projected trends for the Group's key operational and financial indicators, in addition to a draft annual budget;

(ii) the following decisions are subject to prior approval by the Board of Directors:

- approval of the annual budget as well as any other significant change to said budget;
- approval of the annual and three-year business plans;
- the acquisition or disposal of any business by SoLocal Group or one of its subsidiaries, not included in the annual budget, for a total amount, including all liabilities and other off-balance sheet commitments, in excess of 10 million euros per year;
- any investments or divestments not included in the annual budget for fixed assets for an amount, including all liabilities and other off-balance sheet commitments, in excess of 10 million euros;
- amendments to the employment contract, recruitment/appointment/dismissal/removal of the Chief Financial Officer of SoLocal Group; any amendment to the employment contract, recruitment/appointment or dismissal/removal of any other Group executive, whose gross annual compensation exceeds 200,000 euros shall not require prior authorisation by the Board of Directors, but shall require the prior agreement of the Remuneration and Appointments Committee;
- any increase in the total indebtedness of SoLocal Group or its subsidiaries in a total amount greater than the amount authorised under the financing or loan contracts previously authorised by the Board of Directors of SoLocal Group;
- the execution of any agreement in order to create a joint-venture with a third party, not included in the annual budget and generating a commitment for SoLocal Group or one of its subsidiaries for a total amount greater than 10 million euros over the duration of the joint-venture;

- any decision to begin proceedings to list marketable securities of SoLocal Group or any of its subsidiaries on a regulated market and any subsequent transactions for the purpose of additional listings of marketable securities of SoLocal Group, or any of its subsidiaries whose shares are already traded on a regulated market;
- any decision to delist or buy back shares (except share purchases under liquidity agreements previously authorised by the Board of Directors);
- the acquisition or subscription, by SoLocal Group or any of its subsidiaries, of shares, interests or any capital instrument or securities providing rights to the capital of any company (x) for a value including all liabilities and other off-balance sheet commitments assumed greater than 10 million euros where the liability of SoLocal Group or its subsidiaries is limited and the transaction is not included in the annual budget, and (y) irrespective of the amount invested, where SoLocal Group or any of its subsidiaries is acting as an unlimited liability partner in such a company;
- any diversification of the business of SoLocal Group or one of its subsidiaries bearing no relation to the activities previously carried out, or any diversification related to activities previously carried out but not included in the annual budget, implying a commitment to a sum in excess of 10 million euros;
- any transfer or cessation of one of the main businesses of SoLocal Group or one of its subsidiaries not included in the annual budget or the three-year business plan;
- any implementation of an incentives plan (as defined by French labour law or any other similar legal provision in other countries, with the exception of incentives and mandatory profit-sharing) within SoLocal Group or its subsidiaries, or any measure leading employees to acquire directly or indirectly shares of stock in SoLocal Group or its subsidiaries;
- any authorisation or instruction given to a subsidiary of SoLocal Group to study or undertake any of the operations referred to in this annex;
- the execution of any agreement not included in the annual budget that would imply payments or supply of goods or services by SoLocal Group or its subsidiaries for an annual amount greater than a total of 10 million euros;
- any decision relating to plans for the merger or demerger of any SoLocal Group subsidiary, to a spin-off of assets of a business of one of the subsidiaries of SoLocal Group, or to the lease-management of the business of one of SoLocal Group's subsidiaries, where this is not provided for in the annual budget or three-year business plan, and excluding internal reorganisation with no material impact on the position of SoLocal Group;
- any transfer or sale in order to provide collateral, any decision to grant a security interest or pledge by SoLocal Group or one of its subsidiaries, in order to meet debts or honour guarantees given to third parties not included in the annual budget for a total amount greater than 10 million euros per year;
- all loans made by SoLocal Group or one of its subsidiaries, the total amounts of which are greater than 5 million euros and which have not been provided for, in the annual budget.

DEPUTY CHIEF EXECUTIVE OFFICER

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals charged with assisting the Chairman, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five. In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of powers given to Deputy Chief Executive Officers.

RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO EACH CLASS OF EXISTING SHARES

Fully paid-up shares may be in registered or bearer form, at the shareholder's discretion. They must be registered until they are fully paid up. They are registered in the Company's records or with an authorised intermediary under the terms and conditions set out in law.

In order to be able to identify bearer shares, under current statutory and regulatory conditions and subject to applicable statutory or regulatory penalties, the Company may, among other things, request any organisation or intermediary, including the central custodian of financial instruments, for information required by law or regulations enabling the identification of holders of Company shares giving immediate or future voting rights at shareholders' meetings and, in particular, the number of shares held by each of them and, if applicable, any restrictions that may apply to those shares.

Any intermediary registered on behalf of an owner who is not resident within France is required, under the terms set out in Article L. 228-1 of the French Commercial Code, to reveal the identity of the owners of such shares within 10 days, on request by the Company or its legal representative at any time.

Where the Company has reasons to believe that holders of registered or bearer shares who are known to the Company are holding those shares on behalf of third-party shareholders, it is entitled to request those holders to reveal the identities of the owners of said shares under the terms set out above.

Where a person to whom a request is made in accordance with the above provisions does not provide the requested information within statutory and regulatory time limits, or provides incomplete or incorrect information relative either to his capacity or to the identity of the shares' owners, the shares or securities providing immediate or future entitlement to share capital for which that person is the registered account holder shall have no voting rights at any shareholders' meetings until such time as all matters relating to identity are settled, and payment of any corresponding dividends shall be deferred until that date.

In addition, if a person registered as a holder of shares knowingly disregards the above provisions, the Court in whose jurisdiction the Company's registered office is located may, at the request of the Company or one or more shareholders, holding at least 5% of the capital, order the full or partial withdrawal, for a total period not exceeding five years, of any voting rights attached to the shares in question and, possibly for the same period, the right to any corresponding dividends.

Where any legal entity owns shares in the Company and has a holding of more than one-fortieth of the capital or voting rights, the Company may ask that entity to disclose the identities of any persons who directly or indirectly hold more than one-third of the entity's share capital or voting rights exercised at the entity's General Shareholders' Meetings.

ACTIONS REQUIRED TO MODIFY SHAREHOLDERS' RIGHTS

At the registration date of this Reference Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes to shareholders' rights.

21.2.2 General Shareholders' Meetings (Article 11 and Articles 26 to 32 of the Articles of Association)

ACCESS, PARTICIPATION AND VOTING AT GENERAL SHAREHOLDERS' MEETINGS

General Shareholders' Meetings are made up of all shareholders whose shares have been fully paid up and registered in their name as justifying the right to participate in General Shareholders' Meetings, or if the shareholder is not domiciled in France, in the name of the representative acting on the shareholder's behalf, on the second working day prior to the General Shareholders' Meeting at 12:00 midnight (Paris time).

In order to attend, vote remotely, or be represented at General Shareholders' Meetings, owners of bearer shares or shares registered in an account not held by the Company must file a certificate prepared by the intermediary holding their account, indicating that the shares will not be transferable before the date of the General Shareholders' Meeting, at the place indicated in the notice of meeting, by no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

In order to attend, vote remotely or be represented at General Shareholders' Meetings, owners of shares registered in an account held by the Company must have their shares registered in their account held by the Company by no later than 3 p.m. (Paris time) on the day prior to the General Shareholders' Meeting.

Access to the General Shareholders' Meeting is open to its members with proof of their status and identity. If it deems this useful, the Board of Directors may ensure that shareholders are sent personal admission cards with names and require that these cards be shown at the General Shareholders' Meeting.

Owners of Company shares, who are not residents of France, may be registered in the accounts and represented at General Shareholders' Meetings by any intermediary who is registered on their behalf and holds a general securities management mandate, provided that such intermediaries have previously declared themselves as intermediaries holding shares on behalf of third parties at the time the account is opened with the Company or account-holding financial intermediary, in accordance with statutory and regulatory provisions.

The Company is entitled to request any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders it represents whose rights would be exercised at the General Shareholders' Meeting.

Each member of a General Shareholders' Meeting has as many votes as the number of shares he or she owns or represents, provided that his voting rights have not been withdrawn.

Any shareholder may, subject to statutory and regulatory conditions, vote remotely or issue powers to any person of his choice in order to be represented and vote at a General Shareholders' Meeting.

Remote voting is carried out under the terms and conditions stipulated by statutory and regulatory provisions. The Company must receive voting forms by no later than 3 p.m. (Paris time) on the day before the General Shareholders' Meeting.

Powers of attorney, remote voting forms and certificates of non-transferability of shares may be submitted in electronic form duly signed under the terms set out in applicable statutory and regulatory provisions.

Shares are indivisible with regard to the Company. Joint owners of shares must arrange for one of them to act as their representative with the Company, who shall be considered to be the sole owner and representative. In the event of failure to agree, the sole representative may be appointed by the Court at the request of the first joint owner to so request. Unless the Company is properly notified of any agreement to the contrary, beneficial owners have the right to vote at Ordinary General Shareholders' Meetings and bare owners have the right to vote at Extraordinary General Shareholders' Meetings.

General Shareholders' Meetings may be held by videoconference or by any other means of telecommunication, including the Internet, which enables shareholders to be identified under the conditions set out in applicable statutory and regulatory texts.

If the Board of Directors so decides at the time of convening the Meeting, forms may be completed and signed electronically directly on a site set up by the Company. This site must use a process including a username and password, in accordance with the terms set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code, or any other process which meets the conditions set out in the first sentence of paragraph two of Article 1316-4 of the French Civil Code.

Powers of attorney or votes cast in this way prior to the Meeting by such electronic means, and any receipts which are provided for them, shall be considered to be fully enforceable, irrevocable written records, subject to the points set out below. By derogation, in the case of a sale of shares occurring prior to midnight (Paris time) on the second working day preceding the Meeting the Company shall invalidate or alter accordingly, as the case may be, the proxy expressed or the vote cast prior to the Meeting, using the electronic method set up by the Board of Directors.

Owners of Company shares who are not resident on the French territory may be registered in the accounts and represented at the Meeting by any intermediary who is registered on their behalf and holds a general securities management mandate, provided such intermediaries have previously declared themselves as intermediaries holding shares on behalf of others at the time when shares are registered in the accounts with the Company or account-holding financial intermediary, in accordance with statutory and regulatory provisions.

The Company is entitled to ask any intermediary who is registered on behalf of shareholders not residing in France and who holds a general mandate to provide a list of the shareholders they represent and whose rights would be exercised at the Meeting.

Ordinary General Shareholders' Meetings

Ordinary General Shareholders' Meetings are called to make all decisions that do not amend the Articles of Association. They are held at least once a year within six months of the end of the financial year, to approve the financial statements for the previous financial year, unless this period is extended by Court order.

Ordinary General Shareholders' Meetings cannot validly deliberate, on the first notice of meeting, unless shareholders present, represented or voting remotely, hold at least one-fifth of shares with voting rights. Upon a second notice of meeting, no quorum is required. Decisions are made by majority vote of the shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Ordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

Extraordinary General Shareholders' Meetings

Only Extraordinary General Shareholders' Meetings are authorised to amend any provisions in the Articles of Association. However, they may not increase shareholders' commitments except through transactions resulting from a properly executed share consolidation.

Subject to statutory stipulations applicable to share capital increases by the capitalisation of reserves, profits or issue premiums, Extraordinary General Shareholders' Meetings cannot validly deliberate unless shareholders present, represented or voting remotely, hold on the first notice of meeting at least one-quarter, or on the second notice of meeting one-fifth of the shares with voting rights. If the latter quorum cannot be reached, the second meeting may be reconvened up to two months after the original date, at which point a one-fifth quorum is again required.

Subject to the same conditions, decisions are made by a two-thirds majority vote of shareholders who are present, represented or have voted remotely.

For the purposes of calculating quorum and majority, shareholders are deemed to be present if they take part in an Extraordinary General Shareholders' Meeting by videoconference or any other means of telecommunication enabling them to be identified, the nature and terms of use of which are defined by applicable laws and regulations.

FORM AND DEADLINES FOR NOTICES OF MEETING (ARTICLE 28 OF THE ARTICLES OF ASSOCIATION)

The Board of Directors calls General Shareholders' Meetings under the conditions provided for by law.

Otherwise, General Shareholders' Meetings may also be called by the auditors or by any person authorised for this purpose.

A notice informing shareholders of the next General Shareholders' Meeting is published at least 35 days prior to the Meeting in the French bulletin of mandatory legal announcements (BALO).

Except where provided for legally, notices are issued at least fifteen clear days before the scheduled date of a General Shareholders' Meeting. This period is reduced to ten clear days for General Shareholders' Meetings held after a second notice of meeting and for reconvened General Shareholders' Meetings.

The notices of meetings are issued by a notice in a newspaper publishing legal announcements in the département where the registered office is located, and in the French bulletin of mandatory legal announcements (BALO). Moreover, shareholders who have held registered shares for at least one month prior to the notice of meeting are summoned to the General Shareholders' Meeting by ordinary letter. They may ask to be notified by registered post, provided they pay the registered postage fee to the Company.

The Meetings shall take place at the date, time and place stated in the notice of meeting.

Notices of meeting must include the agenda for the meeting.

OFFICERS OF GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 30 OF THE ARTICLES OF ASSOCIATION)

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a director appointed by the Board for this purpose. Failing this, the General Shareholders' Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting with the highest number of votes, who accept this role, shall serve as tellers.

The officers of a General Shareholders' Meeting appoint a secretary, who is not required to be a shareholder.

AGENDA

The Agenda of General Shareholders' Meeting is prepared by the author of the notice of meeting.

One or more shareholders representing the percentage of capital required by applicable regulatory provisions and acting in accordance with legal conditions and time limits may request that proposed resolutions be added to the agenda.

Requests for proposed resolutions to be added to the agenda must be sent by registered letter with recorded delivery as of publication of the notice of meeting in the French bulletin of mandatory legal announcements (BALO), and up to 25 days prior to the Meeting (however, if the notice is published more than 45 days prior to the Meeting, proposed must be sent within 20 days of publication of the notice). The authors must provide proof that they possess or represent the required proportion of share capital, prior to transmission of the request, by registering the shareholders on the Company registers.

Only matters on the agenda may be discussed at General Shareholders' Meetings. However, the Meeting may at any time dismiss and replace one or more members of the Supervisory Board and, under certain conditions, dismiss one or more members of the Management Board.

The agenda may not be amended where a second notice of meeting has been issued, or in the event of a meeting being reconvened.

CONDITIONS FOR EXERCISING VOTING RIGHTS

At all General Shareholders' Meetings, each shareholder has as many votes as the number of shares he or she owns or represents, with no limitations other than those which may arise from legal provisions or the Articles of Association, subject to a Court order in certain cases. The provisions of the Articles of Association stipulating the existence of a double voting right, as adopted by the General Shareholders' Meeting of 7 June 2011, became effective on 1 May 2013. A double voting right is attributed to all fully paid-up registered shares of the Company that have been registered in the name of the same holder for at least two years.

21.2.3 Sale and transfer of shares (Article 9 of the Articles of Association)

Shares are freely negotiable, subject to applicable statutory and regulatory provisions. They are registered in an account and transferred under the terms and conditions set out in the applicable statutory and regulatory provisions.

21.2.4 Declaration of thresholds (Article 9 of the Articles of Association)

In addition to the legal requirement to inform the Company when certain percentages of capital or voting have been exceeded or are not met, anyone acting alone or in concert who comes to hold or ceases to hold directly or indirectly a fraction of the capital, voting rights or securities giving future rights to the Company's share capital that is equal to or greater than 1% or a multiple of this fraction, will be required, no later than before the close of trading on the fourth trading day after the day this threshold was exceeded or not met, to notify the Company, by registered letter with acknowledgement of receipt, of the total number of shares, voting rights or securities giving equity rights which it holds directly or indirectly, alone or in concert.

This notification must be renewed under the aforementioned conditions every time a new threshold of 1% is reached or crossed, upwards or downwards, for any reason, including above the threshold of 5%.

In the event of non-compliance with the aforementioned requirements, and if one or more shareholders holding at least 1% of the share capital so requests from the General Shareholders' Meeting, the shareholders in question shall, without prejudice to potential suspensions of voting rights decided by a court, under the conditions and limits specified by law, be deprived of the voting rights for the shares exceeding the thresholds subject to declaration.

21.2.5 Change in capital clause

At the registration date of this Reference Document, the Articles of Association contain no provisions stricter than those set out in the law relating to changes in capital.

22 SIGNIFICANT CONTRACTS

The Company signed a bank financing agreement, described in chapter 10 of this document.

As of this date, the Company has not signed any major contracts, other than those signed in the normal course of its business, that create a major obligation or commitment for the whole Group.

23 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND ANY DECLARATION OF INTEREST

None.

24 DOCUMENTS MADE AVAILABLE TO THE PUBLIC

The Articles of Association, minutes of General Shareholders' Meetings, Statutory Auditors' Reports and other corporate documents may be consulted at the Company's registered office. Moreover, all regulatory information provided for under Article 221-1 of the General Regulations of the AMF (the French financial markets authority), certain information on the Group's organisation and business activities, and an up-to-date version of its Articles of Association are available on the Group's website at www.solocalgroup.com.

25 INFORMATION ON HOLDINGS

The Company holds no equity interest in companies other than those indicated in Section 7.2 – List of main subsidiaries and equity interests that could have a material impact on the assessment of its assets, financial position or earnings

Glossary

Advertising representative: an individual or legal entity responsible for selling advertising space in content produced by a third party, and whose rights and obligations are defined by an advertising representation contract.

Audiences (visits indicator measured by SoLocal Group):

- Syndication: indirect audiences on PagesJaunes contents, excluding PagesJaunes digital media (such as Bing, Yahoo!, Ooreka, etc.).
- Direct & SEO:
  - SEO & affiliates: audiences on PagesJaunes digital media originating from affiliate partners (MSN, Nosibay, Free & Alice, Planet, L'internaute) and search engines (SEO: Search Engine Optimisation),
  - PagesJaunes: audiences that are result of users' expressed intent to access the PagesJaunes digital media (direct access and brand research on a search engine).

ARPA Local Search: revenues for the period considered in relation to the average number of clients in the period.

Average cost of total debt:

- Weighted average cost of bank debt and bond borrowings annualised if the period is less than 12 months.

Company: SoLocal Group.

Consolidated Group: consolidated Group means the group of companies formed by the Company and all of its subsidiaries.

Digital Marketing penetration rate: average number clients in the period considered that have a product from the Digital Marketing range, in relation to the average number of clients that have a product from the Local search range in the same period.

Digital Marketing revenues: revenues concerning Digital Marketing, organised in three product lines:

- transactional services: in particular online appointment with a doctor (PagesJaunes Doc) and food online order and restaurant reservation, (PagesJaunes Resto) and good deals offered by professionals. Solocal Group has discontinued the "daily deals", which is not very loyalty-inducing, and is focusing on good deals offered by PagesJaunes, which are more appreciated by its clients;
- local programmatic: Solocal Group focuses exclusively on local programmatic, which offers the best growth opportunities. The Group is accelerating its investments in this technology by building on the wealth of its local data and the success of its ADhesive offering launched at the start of the year;
- websites and contents: this product line is currently the flagship of the Group's Digital Marketing. The Group, which has a large international footprint through partnerships and its subsidiaries (QDQ, Leadformance, SoLocal UK), continues the development of these activities to maximise the leverage of its clients' local know-how.

Directory: a directory is a compilation of lists of professionals and/or individuals, the subscribers of a fixed-line or mobile operator, for publication alphabetically or by professional category on printed or electronic media.

EBITDA (Earnings before interests, taxes, depreciation and amortisation): EBITDA is equal to annual revenues after the deduction of net external charges, salaries and social security contributions (including employee profit-sharing and share-based payments) and restructuring and integration costs.

Group: Group means the group of companies formed by the Company and all of its subsidiaries.

Group consolidated revenues: the Group's revenues taking into account activities pursued and activities divested or ceased.

Internet revenues:

- Sum of the revenues of the Local Search and Digital Marketing activities (see description in Chapter 6.1).

Intranet: a local network that uses the same protocols and technologies as the Internet, but which privately connects computers, *i.e.* without being open to all Internet users. Examples: corporate Intranet, community Intranet, etc.

Local Search revenues: revenues concerning the Local search activity made up of local communication services offered by the group on its own sites, in particular PagesJaunes, Mappy, Ooreka (new name of ComprendreChoisir), A Vendre A Louer or among its partners, in particular Google, Bing, Apple and Facebook.

Net external expenses:

- Include external purchases: mainly printed publishing costs (cost of paper, printing and distribution of printed directories), database costs, information system development and operating expenses, communication and marketing expenses, and overhead.
- Also include other operating income and expenses: mainly taxes, some provisions for contingencies and provisions for bad debt.
- Do not include extraordinary expenses, such as provisions for the move to new headquarters planned in 2016.

Net financial debt:

- Total gross financial debt, plus or minus the fair net asset value of derivative instruments used for hedging purposes and minus cash and cash equivalents.

Number of Local Search clients: average number of clients in the period (average of clients present at the beginning and the end of the period considered) that have a product from the Local Search range.

Number of unique website visitors: the number of fixed, mobile phone and tablet Internet users who have visited a website during a given month.

PagesJaunes or PagesJaunes SA: the company PagesJaunes SA.

Print & Voice revenues:

- The sum of revenues generated by, firstly, the "printed directories" business, consisting of the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches) and, secondly, activities in connection with traditional direct marketing (telemarketing, logistics, posting mailings), telephone and SMS directory enquiry services (118 008), the QuiDonc reverse directory.

Publisher: the individual or legal entity that assumes responsibility for the content it publishes.

Reach (audience indicator created and published by Nielsen Médiamétrie):

- The number of fixed, mobile phone and tablet Internet users who have visited a website during a given month.
- Reach (Website reach rate): the number of unique visitors to a website, expressed as a percentage of a reference population during a given month.

The SoLocal Group's Reach indicator applies only to the Group's services and excludes all external syndicated partner media.

Salaries and charges:

- Include personnel expenses for all SoLocal Group personnel categories, but exclude legal employee profit-sharing, share-based payments and restructuring costs (*i.e.* the "PSE", Employment Protection Plan).

Concordance table

The 2016 annual financial report, prepared in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the Autorité des marchés financiers, comprises the following sections of the Reference Document identified in the table below. Included in this table is the concordance table with the sections of Appendix I of Regulation (EC) No. 809/2004 of the European Commission:

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Company Annual Financial Statements	20.2
Statutory Auditors' report on the Annual Financial Statements	20.4
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NOTES

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SOLOCAL GROUP

Société anonyme au capital de 57 683 778,20 euros

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